



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

DATE ISSUED: September 1, 2020

REPORT NO: HAR20-033

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of September 29, 2020

SUBJECT: Final Bond Authorization for Ulric Street Apartments

COUNCIL DISTRICT: 7

REQUESTED ACTION

Authorize the issuance of Housing Authority of the City of San Diego tax-exempt Multifamily Housing Revenue Bonds to fund Ulric Street Housing Associates L.P.’s acquisition with new construction of the Ulric Street Apartments, a 96-unit affordable rental housing development to be located at 2645-2685 Ulric Street, San Diego, which will consist of 95 units that will remain affordable for 55 years, including 10 units for veterans experiencing chronic homelessness, and one unrestricted manager’s unit.

STAFF RECOMMENDATION

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

1. Authorize the issuance of up to \$28,930,321 in tax-exempt Multifamily Housing Revenue Bonds to facilitate Ulric Street Housing Associates L.P.’s (USHA) acquisition with new construction of the Ulric Street Apartments (Ulric), a 96-unit affordable rental housing development located at 2645-2685 Ulric Street, San Diego, which will consist of 95 units that will remain affordable for 55 years, including 10 units for veterans experiencing chronic homelessness, and one unrestricted manager’s unit;
2. Authorize the issuance of up to \$6,000,000 in a taxable Multifamily Housing Revenue Bond for USHA’s construction financing for Ulric Street Apartments.

SUMMARY

A Development Summary is at Attachment 1.

Table 1 –Development Details

| | |
|---------------------|--|
| Address | 2645-2685 Ulric Street, San Diego, 92111 |
| Council District | 7 |
| Community Plan Area | Linda Vista Community Planning Area |
| Developer | Community Housing Works |
| Development Type | New construction |
| Construction Type | Type V (stucco with wood frame) |
| Parking Type | 96 parking spaces (a mix of surface and podium spaces) |
| Housing Type | Multifamily (three to four stories structure) |
| Lot Size | One parcel totaling 1.47 acres, 64,033 square feet |

| | |
|------------------------|--|
| Units | 96 (95 units affordable) |
| Density | 65.31 dwelling units per acre (96 units ÷ 1.47 acres) |
| Unit Mix | 95 affordable units: 12 studios, 21 one-bedrooms, 33 two-bedrooms, and 29 three-bedrooms. Plus one unrestricted manager’s one-bedroom unit. |
| Gross Building Area | 128,260 gross square feet, in one building (including 74,209 square feet for residential units use, 24,092 square feet circulation space, 8,456 square feet community space, and 21,503 square feet for tuck-under parking plus parking garage). |
| Net Rentable Area | 75,509 square feet. |
| Project-Based Vouchers | 10 Project-Based Veterans Affairs Supportive Housing (VASH) vouchers for veterans experiencing chronic homelessness. |

Background

In response to the San Diego Housing Commission’s (Housing Commission) Fiscal Year (FY) 2018 Notice of Funding Availability (NOFA), Community Housing Works (CHW) submitted application for a loan and federal rental housing vouchers for the Ulric development. On June 14, 2019, the Housing Commission Board of Commissioners approved a residual receipts loan of up to \$7,000,000 to USHA for the Ulric development (\$1,500,000 from federal HOME Investment Partnerships Program funds and \$5,500,000 from City of San Diego Affordable Housing Funds), which the Housing Commission administers (Report No. HCR 19-070). On June 14, 2019, and on June 25, 2019, the Housing Commission (Report No. HCR19-070) and the Housing Authority (Report No. HAR19-029), respectively, approved taking certain preliminary authorization steps to issue up to \$32,750,000 of tax-exempt Multifamily Housing Revenue Bonds to finance the new construction of Ulric. On April 14, 2020, the California Debt Limit Allocation Committee (CDLAC) approved a \$28,930,321 bond allocation. On May 20, 2020, the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation.

The Development

Ulric is a proposed 96-unit, three-and-four story, new construction affordable rental housing development to be built over a partially below-grade parking structure. It will be located at 2645-2685 Ulric Street in San Diego’s Linda Vista neighborhood (Attachment 2 – Site Map). The proposed new development will provide 95 affordable rental units and one manager’s unit. The development will include studios and one-, two-, and three-bedroom units. The Ulric apartments will range from 370-square-foot studios to 1,062-square-foot three-bedroom units. Unit amenities will include: central air conditioning, elevators, patios or balconies for some units, Energy Star appliances (including dishwasher, refrigerator and stove/oven), garbage disposal, hard-surface flooring in the kitchen and living areas, plus internet access. Site amenities will include: a multipurpose community room and learning center with computers, a children’s play area, a centralized laundry room, and a community kitchen, a management leasing office, meeting space, outdoor gathering and barbecue/picnic area. Security features will include gated entry and security cameras.

Housing First

The proposed development will provide 10 affordable studio units of VASH permanent supportive housing for veterans experiencing chronic homelessness. The development is supported by HOUSING FIRST – SAN DIEGO, the Housing Commission’s homelessness action plan. This

action plan is rooted in the national “Housing First” model of addressing homelessness – to provide housing as quickly as possible, with supportive services as needed. The current phase of HOUSING FIRST – SAN DIEGO, launched on July 1, 2017, and included \$30 million over three years to support the development of affordable rental housing with supportive services for individuals experiencing homelessness.

The Housing Commission has partnered with the Regional Task Force on the Homeless to enable homeless service providers in the City of San Diego (City) to participate in a Coordinated Entry System (CES) and utilize a single regional data management repository, the Homeless Management Information System (HMIS). Organizations serving individuals and families experiencing homelessness in the region share this single system, which enables the more efficient delivery of housing and critical services to San Diegans experiencing homelessness. The database allows homeless housing providers to screen homeless individuals for the most appropriate housing options based on who is most in need. The developer and service provider will participate in the CES and maintain client data in the HMIS as required by the Housing Commission.

The Property

The property is one parcel, on 1.47 acres. It is improved with 20 unrestricted existing apartments (three-bedroom townhouse units) in five buildings. These existing apartments were constructed approximately in 1941 and they now have deferred maintenance. The existing apartments have not been substantially upgraded since their original construction. CHW purchased the property in 2016. Adjacent to the east is the Linda Vista Community Park and the Linda Vista Recreation Center. Located to the west are single-family homes. To the north are multifamily rental housing and nearby Linda Vista Elementary School. To the south is another CHW-owned parcel with 16 existing multifamily housing units. Bus service is within approximately ¼ mile.

Prevailing Wages

The development proposes to use 10 U.S. Department of Housing and Urban Development Project-Based VASH vouchers, which will require the development to pay federal Davis-Bacon prevailing wages. The proposed use of State Multifamily Housing Program (MHP) loan funds will require payment of state prevailing wages. The higher of the federal or state prevailing wages will apply. The proposed use of federal HOME Investment Partnerships Program funds is below the 12-unit federal threshold, and the HOME funds will not require federal prevailing wages.

Relocation

The Ulric developer plans to demolish the existing 20 units and replace them with a 96-unit affordable multifamily housing development. CHW has engaged Lauren & Associates, a division of Raney Planning & Management, as the relocation consultant, to coordinate a relocation plan and to assist with the tenants’ relocation. The consultant’s May 2020 revised relocation plan states that an estimated 17 households residing at the property will need to be permanently relocated and that 14 of those existing households will be eligible for relocation assistance as required by the federal Uniform Relocation Assistance and Real Property Acquisition Act of 1970, by Section 104(d) of the federal Housing and Community Development Act, and by State of California Relocation Assistance law. Permanently relocated tenants are eligible to receive both a moving expense payment and a replacement housing payment in the form of a rental, or down-payment, formula-calculated assistance. The developer’s pro forma budgets \$1,275,286 for relocation costs (including the consultant’s fee and a 10 percent contingency).

Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units, and an additional 4 percent of the units accessible to residents with visual and/or hearing impairment having communication features. The same units can satisfy both of these accessibility requirements. In addition, these accessible units will satisfy the HOME accessibility requirement in 5 percent of the units, plus an additional 2 percent of the units accessible for residents with visual and/or hearing impairment. The development will include Universal Design features.

Project Sustainability

Ulric will be built as Green Point Rated with an anticipated Silver Rating standard. Ulric will comply with the CTCAC minimum energy efficiency construction standards for new construction. The development’s features will include: Energy Star-rated efficient appliances, use of Low Volatile Organic Compound (VOC) paints and stains for interior surfaces, common area solar hot water plus solar hot water for tenant use, energy-efficient windows, high-efficiency air conditioning, and low-energy lighting. Water conservation will be promoted via low-water-use fixtures and toilets, low-water-use minimal landscaping, and utilizing rainwater roof drainage to planters.

Development Team

CHW, a 501(c)(3) nonprofit, is the developer. The proposed borrower will be Ulric Street Housing Associates, L.P., which will include Ulric Street Housing Opportunities L.L.C. (USHO) as its Managing General Partner (with the nonprofit Community Housing Works as the USHO L.L.C.’s sole member) and Red Stone Equity Partners L.L.C. as the tax credit investor limited partner (Attachment 3 – Organization Chart). CHW was formed in 2002 by the merger of Community Housing of North County and San Diego Neighborhood Housing Services. CHW has won many national, statewide, and regional awards for development excellence. They are a provider of multiple social services. CHW’s mission is to revitalize neighborhoods through the creation of affordable housing with services for residents. CHW owns more than 3,670 apartments in 42 communities statewide, serving more than 9,000 families. CHW has developed a number of affordable housing developments in the City of San Diego and previously has received Housing Commission loan funds. CHW 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 Ulric project.

Table 2 Development Team Summary

| ROLE | FIRM/CONTACT |
|-------------------------------------|--|
| Developer | CHW |
| Owner/Borrower | USHA L.P. |
| Managing General Partner | Ulric Street Housing Opportunities L.L.C. |
| Tax Credit Investor Limited Partner | Red Stone Equity Partners L.L.C. |
| Architect | Studio E Architects |
| General Contractor | Sun Country Builders |
| Prevailing Wage Monitoring | Amerinational Community Services L.L.C. |
| Relocation Consultant | Lauren & Associates (a division of Raney Planning & Management Inc.) |
| Property Management | ConAm Management Corporation |
| Tenant Services Provider | CHW |
| Construction/Permanent Lender | US Bank National Association (US Bank) |

Property Management

Ulric will be managed by ConAm Management Corporation (ConAm). ConAm is a nationwide management company, based in San Diego, with a management portfolio of approximately 53,000 units in more than 26 metropolitan areas. It was established in 1975. It is experienced in property management, marketing, leasing, maintenance, renovations, and tax credit developments. ConAm manages 34 developments for CHW. CHW’s Asset Management Department will oversee ConAm.

FINANCING STRUCTURE

Ulric has an estimated total development cost of \$53,423,780 (\$556,498/unit). Financing will include a combination of sources as described in Table 3. The developer’s pro forma is included as Attachment 4 and is summarized below.

Table 3 – Ulric Estimated Permanent Sources and Uses

| Permanent Financing Sources | Amounts | Permanent Financing Uses | Amounts | Per Unit |
|--|---------------------|---|---------------------|------------------|
| Bond financed permanent loan | \$3,052,000 | Property acquisition | \$9,444,174 | \$98,377 |
| State of California Housing & Community Development Department Multifamily Housing Program (MHP) | 18,222,571 | Construction costs \$27,322,287 Contingency <u>+2,020,741</u> Total construction \$29,343,028 | 29,343,028 | 305,657 |
| County of San Diego Innovative Housing Trust Fund loan | 7,000,000 | Financing costs | 3,247,530 | 33,828 |
| Housing Commission proposed loan | 7,000,000 | Local permits and fees | 1,446,712 | 15,070 |
| Accrued deferred interest SDHC loan | 250,036 | Other soft costs | 3,468,557 | 36,131 |
| Accrued deferred interest County loan | 250,036 | Relocation costs | 1,275,286 | 13,284 |
| General Partner capital contribution | 1,308,097 | Reserves | 390,396 | 4,067 |
| Deferred developer fee | 1,500,000 | Developer fee | 4,808,097 | 50,084 |
| CHW General Partner contribution | 100 | | | |
| 4 percent (CTCAC) tax credit equity | 14,840,940 | | | |
| Total Development Sources | \$53,423,780 | Total Development Cost (TDC) | \$53,423,780 | \$556,498 |

Developer Fee

\$4,808,097 – Gross developer fee
 - 1,308,097 – Minus General Partner capital contribution
 - 1,500,000 – Minus deferred developer fee
 \$2,000,000 – Net cash developer fee (to be paid from development sources)

On April 25, 2017, the Housing Authority approved the “Request for Approval of Updated Developer Fees” (HAR17-011). That report approved certain developer fee guidelines for multifamily loans and bonds issuances. Attachment 1 to that report stated: “Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis....” The proposed developer fee, complies with the HAR17-011 “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 and make a funding recommendation. The key performance indicators listed in Table 4 are commonly used by industry professionals and affordable housing developers.

Table 4 - Key Performance Indicators

| | | |
|--------------------------------------|----------------------------------|-----------|
| Development Cost Per Unit | \$53,423,780 ÷ 96 units = | \$556,498 |
| Housing Commission Subsidy Per Unit | \$7,000,000 ÷ 96 units = | \$72,917 |
| Land Cost Per Unit | \$9,444,174 ÷ 96 units = | \$98,377 |
| Gross Building Square Foot Hard Cost | \$29,343,028 ÷ 128,260 sq. ft. = | \$229 |
| Net Rentable Square Foot Hard Cost | \$29,343,028 ÷ 74,209 sq. ft. = | \$395 |

Project Comparison Chart

Multiple factors and variables influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City fees, developer experience and capacity, and the mission and goals of the organization developing the project. Similar construction-type developments (completed or approved) over the previous two years are listed in Table 5. These developments are similar in terms of new construction, target population and construction type and are provided as a comparison to Ulric.

Table 5 - Comparable Development Projects

| New Construction Project Name | Year | Unit Mix Construction | Units | Total Development Cost | Cost Per Unit | HC Subsidy Per Unit | Gross Hard Cost Per Sq. Ft. |
|--|-------------|---|-----------|--|------------------|---------------------|-----------------------------|
| Proposed Subject – Ulric Street | 2020 | 12 studios, 21 ones, 33 twos, 29 threes, + 1 manager | 96 | \$53,423,780 (with prevailing wage) | \$556,498 | \$72,917 | \$229 |
| Keeler Court | 2019 | 10 studios, 18 twos, 22 threes, + 1 manager | 71 | \$35,692,466 (with prev. wage) | \$502,711 | \$0 | \$262 |
| Fairmount Family | 2017 | 32 ones, 23 twos, 24 threes,+1 mgr | 80 | \$29,828,500 (no prev. wage) | \$372,856 | \$118,356 | \$212 |
| North Park Seniors | 2016 | 7 studios, 65 ones, 3 twos, + 1 manager | 76 | \$24,818,921 (no prev. wage) | \$326,565 | \$92,105 | \$216 |
| Mesa Verde | 2016 | 3 studios, 34 ones, 36 twos, 26 threes, + 1 manager | 90 | \$22,963,066 (no prev. wage) | \$441,597 | \$60,000 | \$225 |

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 tax credits available) to developers of affordable rental housing. The Housing Authority’s ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to CDLAC for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission, Housing Authority, and the San Diego City Council (City Council). A Housing Authority bond inducement resolution must be obtained prior to application submittal, and a City Council Tax Equity and Fiscal Responsibility Act (TEFRA) resolution must be secured no later than 30 days after application submittal. On June 14, 2019, these preliminary actions were completed for Ulric.

On January 17, 2020, an application was submitted to CDLAC for a \$32,750,000 tax-exempt Multifamily Housing Revenue bond allocation. On April 14, 2020, CDLAC approved a \$28,930,321

tax-exempt bond allocation. On January 17, 2020, an application was submitted to CTCAC for 4 percent tax credits. CTCAC approved a tax credit allocation on May 20, 2020. The developer proposes the bonds will be issued as a private placement bond issuance, in an aggregate amount not to exceed \$28,930,321, with two bonds series: series 2020 G-1 tax-exempt bonds for construction/permanent financing and series 2020 G-2 tax-exempt bonds for construction financing. Also, proposed to be issued is up to \$6,000,000 series 2020 G-3 taxable bonds for construction financing. 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. The bonds amount that will ultimately be set will be based upon development costs, revenues and interest rates prevailing at the time of the issuance. The bonds proceeds will be used for both construction financing and permanent financing. A general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 5.

Public Disclosure and Bond Authorization

The tax-exempt debt, in the form of the Bonds, will be sold through a private placement, purchased directly by US Bank National Association (USB). USB is a "qualified institutional buyer" within the meaning of the U.S. securities laws. At closing, USB 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. Under the private placement structure for this transaction, USB will make a loan to the Housing Authority pursuant to the terms of a Funding Loan Agreement among USB, the Housing Authority, and Bank of New York Mellon Trust Company (BNY) as the Fiscal Agent. The loan made by USB to the Housing Authority (Funding Loan) will be evidenced by the Bonds, which will obligate the Housing Authority to pay USB the amounts it receives from the Borrower, as described below. The Housing Authority and the Borrower will enter into a Borrower Loan Agreement pursuant to which the proceeds of the Funding Loan will be advanced to the Borrower. In return, the Borrower agrees to pay the Fiscal Agent amounts sufficient for the Fiscal Agent to make payments on the Bonds. The Housing Authority's obligation to make payments on the Bonds is limited to amounts the Fiscal Agent receives from the Borrower under the Borrower Loan Agreement, and no other funds of the Housing Authority are pledged to make payments on the Bonds. The transfer of the Bonds to any subsequent purchaser will comply with Housing Commission's "Bond Issuance and Post-Issuance Compliance Policy" (policy number PO300.301). Moreover, any subsequent Bonds holder will be required to represent to the Housing Authority that it is a qualified institutional buyer or accredited investor who is buying the Bonds for investment purposes and not for resale, and it has made due investigation of any material information necessary in connection with the purchase of the Bonds. The following documents will be executed on behalf of the Housing Authority with respect to the Bonds: the Funding Loan Agreement, the Borrower Loan Agreement, the Assignment of Deed of Trust, the Regulatory Agreement, and other ancillary loan documents. At the time of docketing, documents in substantially final form will be presented to members of the Housing Authority. Any changes to the documents following Housing Authority approval require the consent of the City Attorney's Office and Bond Counsel. The Bonds will be issued pursuant to the Funding Loan Agreement. Based upon instructions contained in the Funding Loan Agreement and the Borrower Loan Agreement, USB will disburse the proceeds for eligible costs and will, pursuant to an assignment from the Housing Authority, receive payments from the Borrower. The Borrower Loan Agreement sets out the terms of repayment and the security for the loan made by the Housing Authority to the Borrower, and the Housing Authority assigns its rights to receive repayments under the loan to USB. The 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. An Assignment of Deed of Trust, and other loan documents, will assign the Housing Authority’s rights and responsibilities as the issuer to USB. It will be signed by the Housing Authority for the benefit of USB. Rights and responsibilities that are assigned to USB include the right to collect and enforce the collection of loan payments, the right to monitor project construction and related budgets, plus the right to enforce insurance and other requirements. These rights will be used by USB to protect its financial interests as the Bonds holder.

TEFRA Hearing

A City Council Tax Equity and Fiscal Responsibility Act (TEFRA) hearing for Ulric was held on June 25, 2019 (Resolution No. 312546). The resulting TEFRA approval expired after one year. The Internal Revenue Service Code requires a City Council new TEFRA hearing and approval. The City Council new TEFRA hearing is anticipated to be held on September 29, 2020.

Financial Advisor’s Recommendation

Quint & Thimmig will be the Bond Counsel and CSG Advisors will be the Financial Advisor. The Financial Advisor’s analysis and recommendation is included as Attachment 6.

AFFORDABLE HOUSING IMPACT

The Ulric development will be subject to a Housing Commission Declaration of Covenants and Restrictions, in addition to applicable tax credit and bonds regulatory agreements, which will restrict affordability of 95 units for 55 years. The HOME program’s funds will have affordability and rent restrictions for 20 years. The development’s 95 units will be affordable to tenants with income levels ranging from 30 percent of San Diego Area Median Income (AMI) (\$24,300/year for a studio one-person household), to 60 percent of AMI (\$69,300/year for a three-bedroom, four-person household).

Housing Commission staff has provided a preliminary recommendation of award for 10 Project-Based Veterans Affairs Supportive Housing (VASH) vouchers for Ulric. 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 this VASH program, the tenants’ 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 Ulric’s VASH units.

Table 6 Ulric Affordability and Monthly Estimated Rent Table

| Unit Type | AMI | Units | CTCAC Gross Rents |
|-------------------------------------|------------|--------------|------------------------------|
| Studios, 1 bath (370 sq. ft.) | 30% | 12 | \$561 |
| 1-bedroom, 1 bath (593 sq. ft.) | 30% | 21 | \$601 |
| 2-bedrooms, 1 bath (825 sq. ft.) | 30% | 11 | \$722 |
| 3-bedrooms, 2 baths (1,062 sq. ft.) | 30% | 10 | \$834 |
| Subtotal 30% AMI Units | -- | 54 | |
| 2-bedroom, 1 bath (825 sq. ft.) | 40% | 22 | \$963 |
| 3-bedrooms, 1 bath (1,062 sq. ft.) | 50% | 8 | \$1,391 |
| 3-bedrooms, 2 baths (1,062 sq. ft.) | 60% | 11 | \$1,669 |

| | | | |
|--------------------------------------|----|-----------|----|
| Subtotal 40% to 60% AMI Units | -- | 41 | -- |
| 1-bedroom Managers Unit | - | 1 | -- |
| Total Units | | 96 | |

The rent and occupancy restrictions required by the Housing Commission and by CTCAC will be applicable. The more stringent of the funding sources' affordability/rent restrictions will take precedence during the term of their applicability.

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this proposed action are included in the Housing Authority-approved Fiscal Year (FY) 2021 Housing Commission Budget.

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

- Bond issuance fee – \$87,326
 $\$72,326$ (tax-exempt bonds $\$28,930,321 \times .0025 = \$72,326$)
 $+15,000$ (taxable bonds $\$6,000,000 \times .0025 = \$15,000$)
 $\$87,326$ (total bond issuance fee)

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

- Administrative cost – up to \$87,326

The bonds will not constitute a debt of the City of San Diego. If the bonds are ultimately issued for the project, the bonds will not financially obligate the City, the Housing Authority, nor the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources. Neither the faith and credit nor the taxing power of the City, nor the faith and credit of the Housing Authority will be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's issuer fee, annual bond administration fee, as well as Housing Commission's bond counsel fee and financial advisor's fee.

Development Schedule

The estimated development timeline is as follows:

| Milestones | Estimated Dates |
|---|--|
| <ul style="list-style-type: none"> • Housing Authority consideration of bond authorization • City Council to hold an IRS-required TEFRA hearing • Estimated bond issuance and escrow/loan closing • Estimated start of construction work • Estimated completion of construction work | <ul style="list-style-type: none"> • September 29, 2020 • September 29, 2020 • October 2020 • October 2020 • April 2022 |

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

The proposed development is located in the Linda Vista neighborhood. On November 26, 2018, the Ulric project was presented to the Linda Vista Planning Group and it received a 13-0 vote in favor.

KEY STAKEHOLDERS & PROJECTED IMPACTS

Stakeholders include CHW as the developer, the Housing Commission as a proposed lender, the County of San Diego as a proposed lender, the State Department of Housing and Community

Development as a proposed lender, the Linda Vista neighborhood, and the tenant occupants. The development is anticipated to have a positive impact on the community as it will contribute to the quality of the surrounding neighborhood, contribute to a better quality of life for the proposed development's tenants, and create 95 new affordable rental homes for individuals and families,

STATEMENT for PUBLIC DISCLOSURE

The developer's Disclosure Statement is at Attachment 7.

ENVIRONMENTAL REVIEW

On August 8, 2019 the City of San Diego conducted a review of this project and determined the project can be submitted ministerial and does not require a CEQA review because it is not a project per CEQA. Federal funds constitute a portion of the funding for the project. A final reservation of HOME funds occurred upon satisfactory completion of the environmental review and receipt by the City of San Diego of an Authorization to Release Grant Funds from the U.S. Department of Housing and Urban Development on January 26, 2019, under 24 CFR Part 58 of the National Environmental Policy Act (NEPA)."

Respectfully submitted,

Approved by,



Colin Miller
Vice President, Multifamily Housing Finance
Real Estate Division

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

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

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

ATTACHMENT 1 – DEVELOPMENT SUMMARY

Table 1 –Development Details

| | |
|------------------------|---|
| Address | 2645-2685 Ulric Street, San Diego, 92111 |
| Council District | 7 |
| Community Plan Area | Linda Vista Community Planning Area |
| Developer | Community Housing Works |
| Development Type | New construction |
| Construction Type | Type V (stucco with wood frame) |
| Parking Type | 96 parking spaces (a mix of surface and podium spaces) |
| Housing Type | Multifamily (three to four stories structure) |
| Lot Size | One parcel totaling 1.47 acres, 64,033 square feet |
| Units | 96 (95 units affordable) |
| Density | 65.31 dwelling units per acre (96 units ÷ 1.47 acres) |
| Unit Mix | 95 affordable units: 12 studios, 21 one-bedrooms, 33 two-bedrooms, and 29 three-bedrooms. Plus one unrestricted manager’s one-bedroom unit. |
| Gross Building Area | 128,260 gross square feet in one building (including 74,209 square feet for residential units use, 24,092 square feet circulation space, 8,456 square feet community space, and 21,503 square feet tuck-under parking plus parking garage). |
| Net Rentable Area | 75,509 square feet. |
| Project Based Vouchers | 10 Project-Based Veterans Affairs Supportive Housing (VASH) vouchers for veterans experiencing chronic homelessness. |

Table 2 Development Team Summary

| ROLE | FIRM/CONTACT |
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| Developer | CHW |
| Owner/Borrower | USHA L.P. |
| Managing General Partner | Ulric Street Housing Opportunities L.L.C. |
| Tax Credit Investor Limited Partner | Red Stone Equity Partners L.L.C. |
| Architect | Studio E Architects |
| General Contractor | Sun Country Builders |
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| Relocation Consultant | Lauren & Associates (a division of Raney Planning & Management Inc.) |
| Property Management | ConAm Management Corporation |
| Tenant Services Provider | CHW |
| Construction/Permanent Lender | US Bank National Association (US Bank) |

Table 3 – Ulric Estimated Permanent Sources and Uses

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| Bond financed permanent loan | \$3,052,000 | Property acquisition | \$9,444,174 | \$98,377 |
| State of California Housing & Community Development Department Multifamily Housing Program (MHP) | 18,222,571 | Construction costs \$27,322,287 Contingency +2,020,741 Total construction \$29,343,028 | 29,343,028 | 305,657 |
| County of San Diego Innovative Housing Trust Fund loan | 7,000,000 | Financing costs | 3,247,530 | 33,828 |
| Housing Commission proposed loan | 7,000,000 | Local permits and fees | 1,446,712 | 15,070 |
| Accrued deferred interest SDHC loan | 250,036 | Other soft costs | 3,468,557 | 36,131 |
| Accrued deferred interest County loan | 250,036 | Relocation costs | 1,275,286 | 13,284 |
| General Partner capital contribution | 1,308,097 | Reserves | 390,396 | 4,067 |
| Deferred developer fee | 1,500,000 | Developer fee | 4,808,097 | 50,084 |
| CHW General Partner contribution | 100 | | | |
| 4 percent (CTCAC) tax credit equity | 14,840,940 | | | |
| Total Development Cost | \$53,423,780 | Total Development Cost (TDC) | \$53,423,780 | \$556,498 |

Table 4 - Key Performance Indicators

| | | |
|--------------------------------------|----------------------------------|-----------|
| Development Cost Per Unit | \$53,423,780 ÷ 96 units = | \$556,498 |
| Housing Commission Subsidy Per Unit | \$7,000,000 ÷ 96 units = | \$72,917 |
| Land Cost Per Unit | \$9,444,174 ÷ 96 units = | \$98,377 |
| Gross Building Square Foot Hard Cost | \$29,343,028 ÷ 128,260 sq. ft. = | \$229 |
| Net Rentable Square Foot Hard Cost | \$29,343,028 ÷ 74,209 sq. ft. = | \$395 |

Table 5 - Comparable Development Projects

| New Construction Project Name | Year | Unit Mix Construction | Units | Total Development Cost | Cost Per Unit | HC Subsidy Per Unit | Gross Hard Cost Per Sq. Ft. |
|--------------------------------------|-------------|---|-----------|--|------------------|---------------------|-----------------------------|
| Proposed Subject Ulric Street | 2020 | 12 studios, 21 ones, 33 twos, 29 threes, + 1 manager | 96 | \$53,423,780 (with prevailing wage) | \$556,498 | \$72,917 | \$229 |
| Keeler Court | 2019 | 10 studios, 18 twos, 22 threes, + 1 manager | 71 | \$35,692,466 (with prev. wage) | \$502,711 | \$0 | \$262 |
| Fairmount Family | 2017 | 32 ones, 23 twos, 24 threes, +1 mgr | 80 | \$29,828,500 (no prev. wage) | \$372,856 | \$118,356 | \$212 |
| North Park Seniors | 2016 | 7 studios, 65 ones, 3 twos, + 1 manager | 76 | \$24,818,921 (no prev. wage) | \$326,565 | \$92,105 | \$216 |
| Mesa Verde | 2016 | 3 studios, 34 ones, 36 twos, 26 threes, + 1 manager | 90 | \$22,963,066 (no prev. wage) | \$441,597 | \$60,000 | \$225 |

Table 6 Ulric Affordability and Monthly Estimated Rent Table

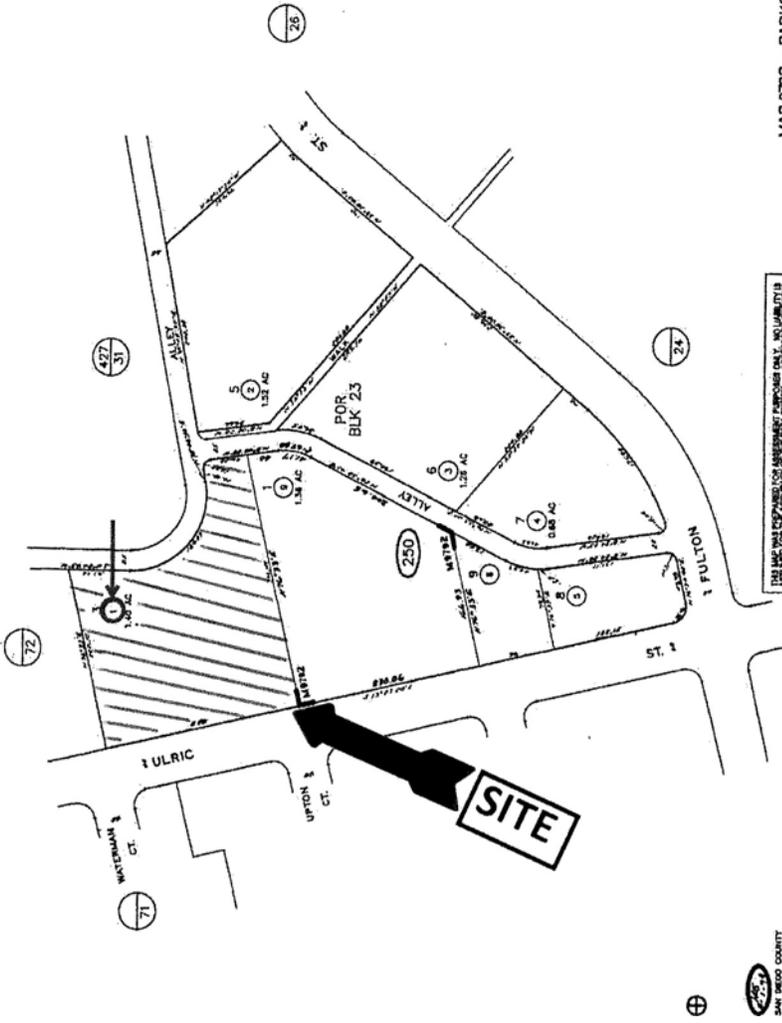
| Unit Type | AMI | Units | CTCAC Gross Rents |
|--------------------------------------|------------|--------------|------------------------------|
| Studios, 1 bath (370 sq. ft.) | 30% | 12 | \$561 |
| 1-bedroom, 1 bath (593 sq. ft.) | 30% | 21 | \$601 |
| 2-bedrooms, 1 bath (825 sq. ft.) | 30% | 11 | \$722 |
| 3-bedrooms, 2 baths (1,062 sq. ft.) | 30% | 10 | \$834 |
| Subtotal 30% AMI Units | -- | 54 | |
| 2-bedroom, 1 bath (825 sq. ft.) | 40% | 22 | \$963 |
| 3-bedrooms, 1 bath (1,062 sq. ft.) | 50% | 8 | \$1,391 |
| 3-bedrooms, 2 baths (1,062 sq. ft.) | 60% | 11 | \$1,669 |
| Subtotal 40% to 60% AMI Units | -- | 41 | -- |
| 1-bedroom Managers Unit | - | 1 | -- |
| Total Units | | 96 | |

ATTACHMENT 2 - SITE MAP

431-25
 1"=100'
 N

1-CB-55-NZ

| CHANGES | | | |
|---------|-----|--------|------|
| BLK OLD | NEW | RECORD | DATE |
| 7 | 8 | 6/1/99 | |
| 8 | 9 | 6/1/99 | |
| 9 | 10 | 6/1/99 | |
| 10 | 11 | 6/1/99 | |
| 11 | 12 | 6/1/99 | |
| 12 | 13 | 6/1/99 | |
| 13 | 14 | 6/1/99 | |
| 14 | 15 | 6/1/99 | |
| 15 | 16 | 6/1/99 | |
| 16 | 17 | 6/1/99 | |
| 17 | 18 | 6/1/99 | |
| 18 | 19 | 6/1/99 | |
| 19 | 20 | 6/1/99 | |
| 20 | 21 | 6/1/99 | |
| 21 | 22 | 6/1/99 | |
| 22 | 23 | 6/1/99 | |
| 23 | 24 | 6/1/99 | |
| 24 | 25 | 6/1/99 | |
| 25 | 26 | 6/1/99 | |
| 26 | 27 | 6/1/99 | |
| 27 | 28 | 6/1/99 | |
| 28 | 29 | 6/1/99 | |
| 29 | 30 | 6/1/99 | |
| 30 | 31 | 6/1/99 | |
| 31 | 32 | 6/1/99 | |
| 32 | 33 | 6/1/99 | |
| 33 | 34 | 6/1/99 | |
| 34 | 35 | 6/1/99 | |
| 35 | 36 | 6/1/99 | |
| 36 | 37 | 6/1/99 | |
| 37 | 38 | 6/1/99 | |
| 38 | 39 | 6/1/99 | |
| 39 | 40 | 6/1/99 | |
| 40 | 41 | 6/1/99 | |
| 41 | 42 | 6/1/99 | |
| 42 | 43 | 6/1/99 | |
| 43 | 44 | 6/1/99 | |
| 44 | 45 | 6/1/99 | |
| 45 | 46 | 6/1/99 | |
| 46 | 47 | 6/1/99 | |
| 47 | 48 | 6/1/99 | |
| 48 | 49 | 6/1/99 | |
| 49 | 50 | 6/1/99 | |
| 50 | 51 | 6/1/99 | |
| 51 | 52 | 6/1/99 | |
| 52 | 53 | 6/1/99 | |
| 53 | 54 | 6/1/99 | |
| 54 | 55 | 6/1/99 | |
| 55 | 56 | 6/1/99 | |
| 56 | 57 | 6/1/99 | |
| 57 | 58 | 6/1/99 | |
| 58 | 59 | 6/1/99 | |
| 59 | 60 | 6/1/99 | |
| 60 | 61 | 6/1/99 | |
| 61 | 62 | 6/1/99 | |
| 62 | 63 | 6/1/99 | |
| 63 | 64 | 6/1/99 | |
| 64 | 65 | 6/1/99 | |
| 65 | 66 | 6/1/99 | |
| 66 | 67 | 6/1/99 | |
| 67 | 68 | 6/1/99 | |
| 68 | 69 | 6/1/99 | |
| 69 | 70 | 6/1/99 | |
| 70 | 71 | 6/1/99 | |
| 71 | 72 | 6/1/99 | |
| 72 | 73 | 6/1/99 | |
| 73 | 74 | 6/1/99 | |
| 74 | 75 | 6/1/99 | |
| 75 | 76 | 6/1/99 | |
| 76 | 77 | 6/1/99 | |
| 77 | 78 | 6/1/99 | |
| 78 | 79 | 6/1/99 | |
| 79 | 80 | 6/1/99 | |
| 80 | 81 | 6/1/99 | |
| 81 | 82 | 6/1/99 | |
| 82 | 83 | 6/1/99 | |
| 83 | 84 | 6/1/99 | |
| 84 | 85 | 6/1/99 | |
| 85 | 86 | 6/1/99 | |
| 86 | 87 | 6/1/99 | |
| 87 | 88 | 6/1/99 | |
| 88 | 89 | 6/1/99 | |
| 89 | 90 | 6/1/99 | |
| 90 | 91 | 6/1/99 | |
| 91 | 92 | 6/1/99 | |
| 92 | 93 | 6/1/99 | |
| 93 | 94 | 6/1/99 | |
| 94 | 95 | 6/1/99 | |
| 95 | 96 | 6/1/99 | |
| 96 | 97 | 6/1/99 | |
| 97 | 98 | 6/1/99 | |
| 98 | 99 | 6/1/99 | |
| 99 | 100 | 6/1/99 | |



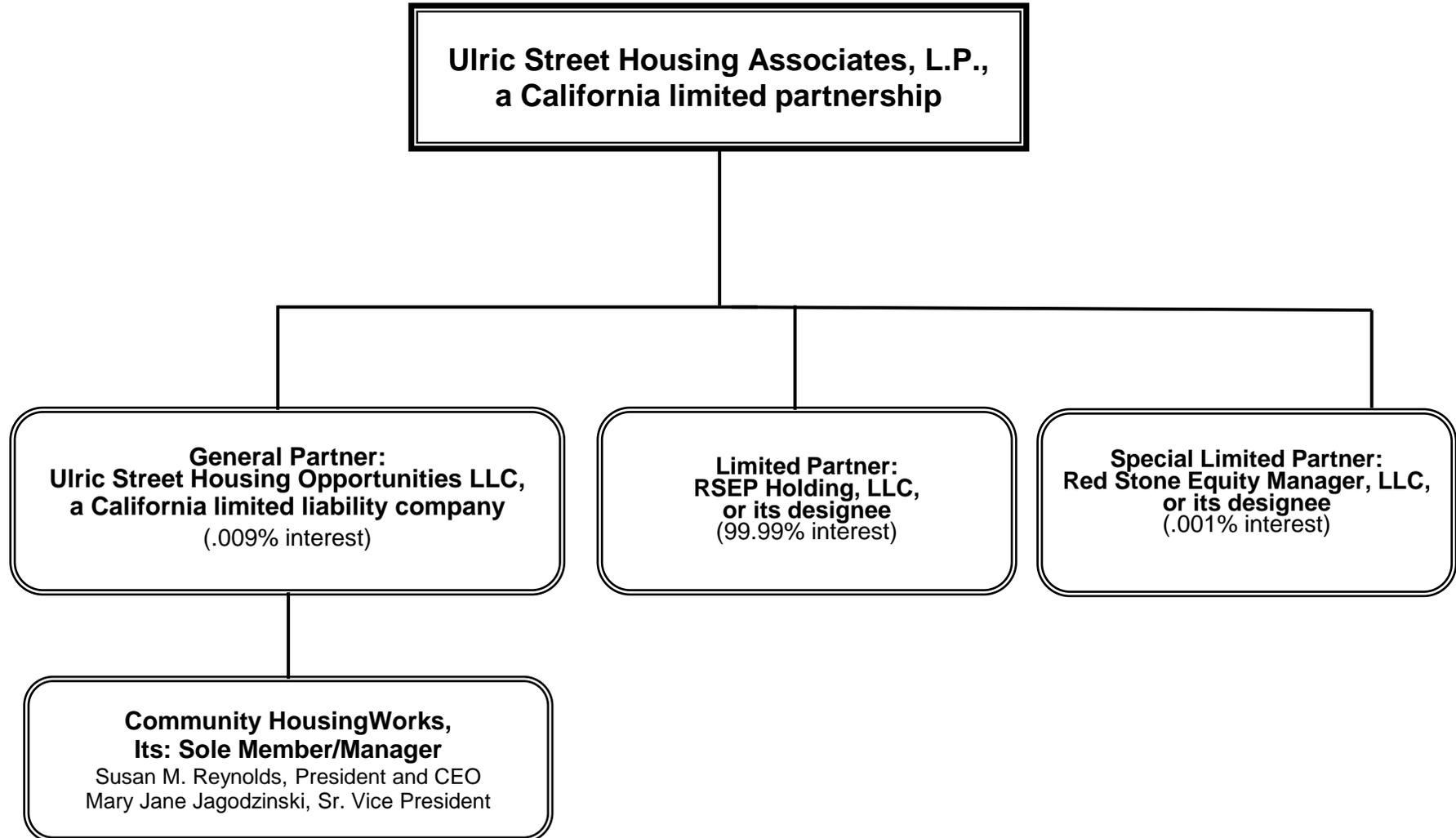
MAP 9792 - PARKSIDE CONDOMINIUMS
 MAP 3253 - LINDA VISTA SUB UNIT NO. 8

THIS MAP WAS PREPARED FOR A SPECIFIC PROJECT AND IS NOT VALID FOR ANY OTHER PROJECT. LOCAL AGENCIES SHOULD BE CONSULTED FOR FURTHER INFORMATION.

SAN DIEGO COUNTY
 ASSessor's MAP
 BOOK 431 PAGE 25

**Ulric Street Housing Associates, L.P.
Organization Chart**

ATTACHMENT 3



Ulric I

| | |
|----------------------|--|
| Prepared For: | Community HousingWorks |
| Prepared By: | California Housing Partnership Corporation |
| Version: | v5.4 Closing |
| Revised: | 8/11/2020 |
| Filename: | Ulric I - v5.4 Closing .xslm |

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SOURCES OF FUNDS - PERMANENT

| | AMOUNT | TOTAL INTEREST COST | OID INTEREST RATE | AMORT (Yr) | COMMENTS | | | |
|---|-------------------|---------------------|-------------------|------------|---|------------------------|------------------|---------------------|
| Tax Exempt Perm Loan - A Tranche | 3,052,000 | 3.520% | | 15.0 | Term - 15 (yrs.) | Index - 10Y T - 1.670% | Spread - 185 bps | U/W Cushion - 0 bps |
| HCD - MHP | 18,222,571 | 3.000% | 1.903% | 55.0 | | | | |
| San Diego Housing Commission | 7,000,000 | 3.000% | 1.788% | 55.0 | | | | |
| Accrued Deferred Interest - San Diego | 250,036 | | | | | | | |
| County of SD - IHTF | 7,000,000 | 3.000% | 1.788% | 55.0 | | | | |
| Accrued Deferred Interest - County of S | 250,036 | | | | | | | |
| Deferred Developer Fee | 1,500,000 | | | | Capitalized Developer Fee | | 2,000,000 | |
| Capital Contributions | | | | | Aggregate Equity Pricing: | | 0.92 | |
| General Partner (Developer Fee) | 1,308,097 | | | | Total LP capital includes release of bond collateral funded during construction | | | |
| General Partner (Other) | 100 | | | | Synd Costs | | 170,467 | |
| Limited Partners | 14,840,940 | | | | Net Equity for TCAC | | 14,670,473 | |
| TOTAL SOURCES | 53,423,779 | | | | | | 11,872,752 | |
| Surplus/(Shortfall) | (0) | | | | | | | |

| PERMANENT LOAN INTEREST RATE | TRANCHE A | INVESTOR EQUITY STACK | OTHER ASSUMPTIONS |
|------------------------------|---------------|----------------------------------|-----------------------------|
| Base Rate | 3.520% | LIHTC Equity (Federal+State) | Current AFR: 1.90% |
| Cushion | 0.000% | Historic Tax Credit | AFR Month: 1/1/17 |
| MIP | 0.000% | Investment Tax Credit (Solar PV) | AFR Cushion: 0.00% |
| GNMA/Servicing | 0.000% | Subtotal LP Equity | Total U/W AFR: 1.90% |
| Issuer | 0.000% | | |
| Trustee | 0.000% | | |
| Rating | 0.000% | CA Certificated Credit Sale | |
| Remarketing | 0.000% | Total Investor Equity | |
| Rebate Analyst | 0.000% | | |
| Total | 3.520% | | |

SOURCES OF FUNDS - CONSTRUCTION

| | AMOUNT | INTEREST RATE | TERM (Mos.) | COMMENTS |
|---|-------------------|---------------|-------------|--|
| Tax-Exempt Construction Loan | 28,930,321 | 3.100% | 24 | |
| Taxable Construction Loan | 4,980,705 | 3.100% | 24 | |
| San Diego Housing Commission | 6,300,000 | 3.000% | 24 | |
| Accrued Deferred Interest - San Diego | 250,036 | | | |
| County of SD - IHTF | 6,300,000 | 3.000% | 24 | |
| Accrued Deferred Interest - County of S | 250,036 | | | |
| Costs Deferred Until Conversion | 1,944,393 | | | See page 2 - right column |
| Deferred Developer Fee | 1,500,000 | | | |
| Capital Contributions | | | | LP Equity - Construction Period |
| General Partner (Developer Fee) | 0 | | | LP Equity used for construction 2,968,188 20.00% |
| General Partner (Other) | 100 | | | LP Equity used for bond collateral 0 0.00% |
| Limited Partners* | 2,968,188 | | | Total Equity During Constr 2,968,188 20.00% |
| TOTAL SOURCES | 53,423,779 | | | Syndication Costs 170,467 |
| Surplus/(Shortfall) | 0 | | | Net Equity for TCAC 2,797,721 |
| Sources Less Deferred To Conversion: | 51,479,386 | | | Less Costs Deferred to Conversion 50,455,591 |

| CONSTRUCTION LOAN INTEREST RATE | CONSTRUCTION LOAN VALUATION | TAX-EXEMPT BOND DATA |
|---|------------------------------------|---|
| Index Type: LIBOR | Restricted NOI 403,171 | 50% Test (see Page 7): 58.67% |
| Current Index: 1.00% | OAR 5.00% | Issuer Inducement: TBD |
| Spread: 1.85% | Perm Loan Amount 8,063,420 | CDLAC Allocation: 28,930,321 |
| Base Interest Rate (not including cushi | Credit Value 0.92 14,840,940 | Percent of CDLAC Allocation Use 100.00% |
| Cushion - Private Placement / Convent | Perm-Only Soft Debt 19,622,571 | Const-only portion: 25,878,321 |
| Interest Rate (All-In) 3.10% | Total Value 42,526,931 | |
| | LTV: 85.00% | CDLAC Limit 43,120,000 |
| | Max. Const. Loan Amount 36,147,891 | CDLAC Limit 60% 29,584,275 |
| | Commitment Amount TBD | |

| | |
|----------------------|-----------------------|
| Uses of Funds | Version: v5.4 Closing |
|----------------------|-----------------------|

| | Res Cost: | | 100.00% | | COST ALLOCATIONS | | | | | | LIHTC ELIGIBLE BASIS | | OTHER BASIS & COST ALLOCATIONS | | | |
|--|--------------|----------|-------------|-------------|------------------|--------|------------|---------|-------------|------------|----------------------|-----------|---|-------------------------------|--|---------------------------------------|
| | Res Sq Foot: | | 100.00% | | TOTAL | | TOTAL NON- | | DEPRECIABLE | | CONST/ REHAB | ACQ | Deferred to Completion or Perm Conv. | Land/Basis for 50% Test | Historic Rehab Tax Credit Basis | ITC Tax Credit Basis (Solar PV) |
| | TOTAL | Per Unit | RESIDENTIAL | RESIDENTIAL | NON- DEPREC | RESID. | NON-RES | EXPENSE | AMORTIZE | | | | | | | |
| ACQUISITION COSTS | | | | | | | | | | | | | | | | |
| Total Purchase Price - Real Estate: 7,700,000 | | | | | | | | | | | | | | | | |
| Total Construction Contract: 27,872,287 | | | | | | | | | | | | | | | | |
| Land - Ulric | 7,700,000 | 80,208 | 7,700,000 | 0 | 7,700,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,700,000 | 0 | 0 | 0 |
| Title/Recording/Escrow - Acquisition | 4,500 | 47 | 4,500 | 0 | 4,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,500 | 0 | 0 | 0 |
| Legal - Acquisition | 4,450 | 46 | 4,450 | 0 | 4,450 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,450 | 0 | 0 | 0 |
| Land Holding Costs | 1,185,224 | 12,346 | 1,185,224 | 0 | 1,185,224 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,185,224 | 0 | 0 | 0 |
| Off-site Improvements | 550,000 | 5,729 | 550,000 | 0 | 550,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HARD COSTS | | | | | | | | | | | | | | | | |
| NEW CONSTRUCTION | | | | | | | | | | | | | | | | |
| Hard Costs-Unit Construction | 21,383,691 | 222,747 | 21,383,691 | 0 | 21,383,691 | 0 | 0 | 0 | 0 | 21,383,691 | 0 | 0 | 21,383,691 | 21,383,691 | 0 | 0 |
| Personal Property in Construction Contract | 960,000 | 10,000 | 960,000 | 0 | 960,000 | 0 | 0 | 0 | 0 | 960,000 | 0 | 0 | 960,000 | 0 | 0 | 0 |
| Site Improvements/Landscape | 1,792,853 | 18,676 | 1,792,853 | 0 | 1,792,853 | 0 | 0 | 0 | 0 | 1,792,853 | 0 | 0 | 1,792,853 | 0 | 0 | 0 |
| GC - General Conditions | 1,260,000 | 13,125 | 1,260,000 | 0 | 1,260,000 | 0 | 0 | 0 | 0 | 1,260,000 | 0 | 0 | 1,260,000 | 1,260,000 | 0 | 0 |
| GC - Overhead & Profit | 1,366,633 | 14,236 | 1,366,633 | 0 | 1,366,633 | 0 | 0 | 0 | 0 | 1,366,633 | 0 | 0 | 1,366,633 | 1,366,633 | 0 | 0 |
| GC - Insurance | 321,488 | 3,349 | 321,488 | 0 | 321,488 | 0 | 0 | 0 | 0 | 321,488 | 0 | 0 | 321,488 | 321,488 | 0 | 0 |
| GC - Bond Premium | 237,622 | 2,475 | 237,622 | 0 | 237,622 | 0 | 0 | 0 | 0 | 237,622 | 0 | 0 | 237,622 | 237,622 | 0 | 0 |
| Construction - Other - Owner Repair Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contingency - Owner's Construction | 2,020,741 | 21,049 | 2,020,741 | 0 | 2,020,741 | 0 | 0 | 0 | 0 | 2,020,741 | 0 | 0 | 2,020,741 | 2,020,741 | 0 | 0 |
| SOFT COSTS | | | | | | | | | | | | | | | | |
| Architecture - Design | 1,125,340 | 11,722 | 1,125,340 | 0 | 1,125,340 | 0 | 0 | 0 | 0 | 1,125,340 | 0 | 0 | 1,125,340 | 1,125,340 | 0 | 0 |
| Design/Engineering - Civil | 390,000 | 4,063 | 390,000 | 0 | 390,000 | 0 | 0 | 0 | 0 | 390,000 | 0 | 0 | 390,000 | 390,000 | 0 | 0 |
| Design/Engineering - Dry Utilities | 44,000 | 458 | 44,000 | 0 | 44,000 | 0 | 0 | 0 | 0 | 44,000 | 0 | 0 | 44,000 | 44,000 | 0 | 0 |
| Design/Engineering - Traffic | 15,000 | 156 | 15,000 | 0 | 15,000 | 0 | 0 | 0 | 0 | 15,000 | 0 | 0 | 15,000 | 15,000 | 0 | 0 |
| Design/Engineering - Reimbursables | 5,000 | 52 | 5,000 | 0 | 5,000 | 0 | 0 | 0 | 0 | 5,000 | 0 | 0 | 5,000 | 5,000 | 0 | 0 |
| Geotech/Soils Report | 100,000 | 1,042 | 100,000 | 0 | 100,000 | 0 | 0 | 0 | 0 | 100,000 | 0 | 0 | 100,000 | 100,000 | 0 | 0 |
| Phase I/II/Toxics Report | 41,049 | 428 | 41,049 | 0 | 41,049 | 0 | 0 | 0 | 0 | 41,049 | 0 | 0 | 41,049 | 41,049 | 0 | 0 |
| PNA/CNA Report | 2,000 | 21 | 2,000 | 0 | 2,000 | 0 | 0 | 0 | 0 | 2,000 | 0 | 0 | 2,000 | 2,000 | 0 | 0 |
| ALTA Survey | 20,000 | 208 | 20,000 | 0 | 20,000 | 0 | 0 | 0 | 0 | 20,000 | 0 | 0 | 20,000 | 20,000 | 0 | 0 |
| Special Inspections/Testing | 0 | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Environmental Consulting | 1,545 | 16 | 1,545 | 0 | 1,545 | 0 | 0 | 0 | 0 | 1,545 | 0 | 0 | 1,545 | 1,545 | 0 | 0 |
| Prevailing Wage Monitor | 146,330 | 1,524 | 146,330 | 0 | 146,330 | 0 | 0 | 0 | 0 | 146,330 | 0 | 0 | 146,330 | 146,330 | 0 | 0 |
| LEED / HERS Rater | 35,000 | 365 | 35,000 | 0 | 35,000 | 0 | 0 | 0 | 0 | 35,000 | 0 | 0 | 35,000 | 35,000 | 0 | 0 |
| Owner's Rep / Construction Supervision | 166,800 | 1,738 | 166,800 | 0 | 166,800 | 0 | 0 | 0 | 0 | 166,800 | 0 | 0 | 166,800 | 166,800 | 0 | 0 |
| Bond Premium | 30,000 | 313 | 30,000 | 0 | 30,000 | 0 | 0 | 0 | 0 | 30,000 | 0 | 0 | 30,000 | 30,000 | 0 | 0 |
| Entitlement Consultant | 30,000 | 313 | 30,000 | 0 | 30,000 | 0 | 0 | 0 | 0 | 30,000 | 0 | 0 | 30,000 | 30,000 | 0 | 0 |
| Local Development Impact Fees | 1,211,312 | 12,618 | 1,211,312 | 0 | 1,211,312 | 0 | 0 | 0 | 0 | 1,211,312 | 0 | 0 | 1,211,312 | 1,211,312 | 0 | 0 |
| Impact Fee Waiver | 0 | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Local Permits/Fees | 235,400 | 2,452 | 235,400 | 0 | 235,400 | 0 | 0 | 0 | 0 | 235,400 | 0 | 0 | 235,400 | 235,400 | 0 | 0 |
| Utility Connection Fees | 3,500 | 36 | 3,500 | 0 | 3,500 | 0 | 0 | 0 | 0 | 3,500 | 0 | 0 | 3,500 | 3,500 | 0 | 0 |
| Security During Const | 0 | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Relocation - Temporary (Rehab) | 0 | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Relocation - Permanent | 1,275,286 | 13,284 | 1,275,286 | 0 | 1,275,286 | 0 | 0 | 0 | 0 | 1,275,286 | 0 | 0 | 1,275,286 | 1,275,286 | 0 | 0 |
| Real Estate Taxes During Const | 134,750 | 1,404 | 134,750 | 0 | 134,750 | 0 | 0 | 0 | 0 | 134,750 | 0 | 0 | 134,750 | 134,750 | 0 | 0 |
| Insurance During Const | 269,401 | 2,806 | 269,401 | 0 | 269,401 | 0 | 0 | 0 | 0 | 269,401 | 0 | 0 | 269,401 | 269,401 | 0 | 0 |
| Appraisal | 15,600 | 163 | 15,600 | 0 | 15,600 | 0 | 0 | 0 | 0 | 15,600 | 0 | 0 | 15,600 | 15,600 | 0 | 0 |
| Market/Rent Comp Study | 8,500 | 89 | 8,500 | 0 | 8,500 | 0 | 0 | 0 | 0 | 8,500 | 0 | 0 | 8,500 | 8,500 | 0 | 0 |
| Printing/Owner Costs | 10,000 | 104 | 10,000 | 0 | 10,000 | 0 | 0 | 0 | 0 | 10,000 | 0 | 0 | 10,000 | 10,000 | 0 | 0 |
| Soft Cost Contingency | 384,276 | 4,003 | 384,276 | 0 | 384,276 | 0 | 0 | 0 | 0 | 384,276 | 0 | 0 | 384,276 | 384,276 | 0 | 0 |
| Predev. Loan Interest/Fees | 479,487 | 4,995 | 479,487 | 0 | 269,337 | 0 | 210,150 | 0 | 0 | 269,337 | 0 | 0 | 269,337 | 269,337 | 0 | 0 |
| Construction Loan Interest | 1,141,822 | 11,894 | 1,141,822 | 0 | 693,402 | 0 | 448,420 | 0 | 0 | 693,402 | 0 | 0 | 693,402 | 693,402 | 0 | 0 |
| Construction Loan Interest - Tail | 52,761 | 550 | 52,761 | 0 | 0 | 0 | 52,761 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accrued Interest - San Diego Housing Commissi | 250,036 | 2,605 | 250,036 | 0 | 180,736 | 0 | 69,299 | 0 | 0 | 180,736 | 0 | 10,799 | 180,736 | 180,736 | 0 | 0 |
| Accrued Interest - County of SD - IHTF | 250,036 | 2,605 | 250,036 | 0 | 180,736 | 0 | 69,299 | 0 | 0 | 180,736 | 0 | 10,799 | 180,736 | 180,736 | 0 | 0 |
| Title/Recording/Escrow - Construction | 60,000 | 625 | 60,000 | 0 | 60,000 | 0 | 0 | 0 | 0 | 60,000 | 0 | 0 | 60,000 | 60,000 | 0 | 0 |
| Title/Recording/Escrow - Permanent | 10,000 | 104 | 10,000 | 0 | 10,000 | 0 | 0 | 0 | 10,000 | 10,000 | 0 | 0 | 10,000 | 10,000 | 0 | 0 |
| Legal (Owner): Construction Closing | 45,000 | 469 | 45,000 | 0 | 45,000 | 0 | 0 | 0 | 0 | 45,000 | 0 | 0 | 45,000 | 45,000 | 0 | 0 |
| Permanent Closing | 0 | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Organization of Ptnshp | 9,826 | 102 | 9,826 | 0 | 9,826 | 0 | 0 | 0 | 0 | 9,826 | 0 | 0 | 9,826 | 9,826 | 0 | 0 |
| Syndication - LP | 35,000 | 365 | 35,000 | 0 | 35,000 | 0 | 0 | 0 | 0 | 35,000 | 0 | 0 | 35,000 | 35,000 | 0 | 0 |
| Syndication Consulting | 100,698 | 1,049 | 100,698 | 0 | 100,698 | 0 | 0 | 0 | 0 | 100,698 | 0 | 0 | 100,698 | 100,698 | 0 | 0 |
| Audit/Cost Certification | 24,943 | 260 | 24,943 | 0 | 24,943 | 0 | 0 | 0 | 0 | 24,943 | 0 | 0 | 24,943 | 24,943 | 0 | 0 |
| TCAC Application/Res/Monitoring Fee | 56,493 | 588 | 56,493 | 0 | 56,493 | 0 | 0 | 0 | 0 | 56,493 | 0 | 0 | 56,493 | 56,493 | 0 | 0 |
| Marketing | 0 | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Furnishings Not in Contract | 80,000 | 833 | 80,000 | 0 | 80,000 | 0 | 0 | 0 | 0 | 80,000 | 0 | 0 | 80,000 | 80,000 | 0 | 0 |
| Start-up /Lease-up Expenses | 150,000 | 1,563 | 150,000 | 0 | 150,000 | 0 | 0 | 0 | 0 | 150,000 | 0 | 0 | 150,000 | 150,000 | 0 | 0 |
| Capitalized Replacement Reserve | 48,000 | 500 | 48,000 | 0 | 48,000 | 0 | 0 | 0 | 0 | 48,000 | 0 | 0 | 48,000 | 48,000 | 0 | 0 |
| Capitalized Operating Reserve (4 mos.) | 342,396 | 3,567 | 342,396 | 0 | 342,396 | 0 | 0 | 0 | 0 | 342,396 | 0 | 0 | 342,396 | 342,396 | 0 | 0 |
| Developer Fee | 4,808,097 | 50,084 | 4,808,097 | 0 | 4,808,097 | 0 | 0 | 0 | 0 | 4,808,097 | 0 | 1,308,097 | 4,808,097 | 4,808,097 | 0 | 0 |
| COSTS OF ISSUANCE/FINANCING FEES | | | | | | | | | | | | | | | | |
| Underwriter Fee | 60,000 | 625 | 60,000 | 0 | 20,989 | 0 | 39,011 | 0 | 0 | 20,989 | 0 | 0 | 20,989 | 20,989 | 0 | 0 |
| Bond Counsel | 50,000 | 521 | 50,000 | 0 | 17,491 | 0 | 32,509 | 0 | 0 | 17,491 | 0 | 0 | 17,491 | 17,491 | 0 | 0 |
| Issuer Counsel | 45,000 | 469 | 45,000 | 0 | 15,742 | 0 | 29,258 | 0 | 0 | 15,742 | 0 | 0 | 15,742 | 15,742 | 0 | 0 |
| Issuer Financial Advisor | 35,000 | 365 | 35,000 | 0 | 12,244 | 0 | 22,756 | 0 | 0 | 12,244 | 0 | 0 | 12,244 | 12,244 | 0 | 0 |
| Issuer Application Fee | 13,000 | 135 | 13,000 | 0 | 4,548 | 0 | 8,452 | 0 | 0 | 4,548 | 0 | 0 | 4,548 | 4,548 | 0 | 0 |
| Issuer Fee - Upfront | 84,778 | 883 | 84,778 | 0 | 29,657 | 0 | 55,120 | 0 | 0 | 29,657 | 0 | 0 | 29,657 | 29,657 | 0 | 0 |
| Issuer Fee - Annual During Const. | 57,861 | 603 | 57,861 | 0 | 20,241 | 0 | 37,620 | 0 | 0 | 20,241 | 0 | 0 | 20,241 | 20,241 | 0 | 0 |
| Construction Lender Origination Fee | 339,110 | 3,532 | 339,110 | 0 | 118,629 | 0 | 220,481 | 0 | 0 | 118,629 | 0 | 0 | 118,629 | 118,629 | 0 | |

Developer Fee Calculation

Version: v5.4 Closing

| DEVELOPER FEE CALCULATION | | | |
|--|------------------|--------------|------------------|
| | CONST. | ACQ. | TOTAL |
| Fee per Base TCAC Formula | 5,342,330 | 0 | 5,342,330 |
| <i>Percent of Total</i> | <i>100.00%</i> | <i>0.00%</i> | <i>100.00%</i> |
| Max. Allowable Fee per TCAC (prorated) | 5,342,330 | 0 | 5,342,330 |
| <i>Less: Development Consulting</i> | <i>0</i> | | <i>0</i> |
| Net Allowable | 5,342,330 | 0 | 5,342,330 |
| <i>Less: Owner Reduction</i> | <i>0</i> | <i>0</i> | <i>0</i> |
| Net Allowable | 5,342,330 | 0 | 5,342,330 |
| Maximum Base Developer Fee per TCAC | | | 5,342,330 |
| Maximum Developer Fee per CDLAC | | | 4,808,097 |
| Maximum Developer Fee per Local | | | N/A |
| Maximum Developer Fee per Owner | | | N/A |
| Most Restrictive Maximum Developer Fee: | | | 4,808,097 |
| Maximum Cash Fee per TCAC (<i>Lesser of Calc. or Reservation Amount</i>) | | | 2,500,000 |
| Maximum Cash Fee per HCD | | | 2,487,320 |
| Maximum Cash Fee per Local | | | 2,000,000 |
| Maximum Cash Fee per Owner | | | N/A |
| Most Restrictive Maximum Cash Fee: | | | 2,000,000 |

| DEVELOPER FEE PAYMENT SCHEDULE | | | |
|--------------------------------|------------------|---------------|----------------|
| | Amount | % of Cash Fee | % of Total Fee |
| Construction Close | 800,000 | 40.00% | 16.64% |
| Interim Milestone 1 | - | 0.00% | 0.00% |
| Interim Milestone 2 | - | 0.00% | 0.00% |
| Interim Milestone 3 | - | 0.00% | 0.00% |
| Completion | 200,000 | 10.00% | 4.16% |
| Conversion | 900,000 | 45.00% | 18.72% |
| Final LP Pay-in 1 | - | 0.00% | 0.00% |
| Final LP Pay-in 2 | 100,000 | 5.00% | 2.08% |
| Total: Cash Fee | 2,000,000 | | |
| Plus: Deferred Developer Fee | 1,500,000 | | 31.20% |
| Plus: GP Capital | 1,308,097 | | 27.21% |
| Total Developer Fee | 4,808,097 | | |

Unit Mix & Rental Income Version: v5.4 Closing

| | |
|---|--------|
| AVERAGE AFFORDABILITY FOR LIHTC UNITS (% of Median) | 37.47% |
| 9% TCAC INCOME TARGETING POINTS: | 50.00 |
| RENT LIMITS AS OF YEAR: | 2020 |

| UTILITY ALLOWANCES | 0BR | 1BR | 2BR | 3BR | 4BR | 5BR |
|--------------------|-----|-----|-----|-----|-----|-----|
| Ulric | 52 | 62 | 82 | 105 | - | - |
| | - | - | - | - | - | - |

RESIDENTIAL INCOME

| LIHTC - Tier 2 <i>Ulric</i> Rent / Income Per: TCAC 30% AMI | | | | | | | | | | VASH 0 | | | | |
|--|-----------|-----------------|------------------------|-----------------------------|------------------------------|--------------------------|------------------------|-----------------------|-----------------------|----------------------------|----------------------------|-----------------------|----------------------|---------------------|
| Unit Type | Number | Unit Floor Area | Actual Rent TCAC AMI % | Per Unit Monthly Gross Rent | Per Unit Regulatory Net Rent | Per Unit Actual Net Rent | Total Monthly Net Rent | Total Annual Net Rent | # of Subsidized Units | Per Unit Net Subsidy Rents | Per Unit Subsidy Increment | Total Monthly Subsidy | Total Annual Subsidy | Total Annual Income |
| 0BR | 12 | 375 | 29.97% | 606 | 554 | 554 | 6,648 | 79,776 | 10 | 1,521 | 967 | 9,670 | 116,040 | 195,816 |
| 1BR | 21 | 500 | 29.96% | 649 | 587 | 587 | 12,327 | 147,924 | 0 | 1,679 | 1,092 | 0 | 0 | 147,924 |
| 2BR | 11 | 800 | 30.00% | 780 | 698 | 698 | 7,678 | 92,136 | 0 | 2,178 | 1,480 | 0 | 0 | 92,136 |
| 3BR | 10 | 1,300 | 30.01% | 901 | 795 | 796 | 7,960 | 95,520 | 0 | 3,146 | 2,350 | 0 | 0 | 95,520 |
| TOTAL | 54 | | | | | | 34,613 | 415,356 | 10 | | | 9,670 | 116,040 | 531,396 |

| LIHTC - Tier 3 <i>Ulric</i> Rent / Income Per: TCAC 40% AMI | | | | | | | | | | NOT 0 | | | | |
|--|-----------|-----------------|------------------------|-----------------------------|------------------------------|--------------------------|------------------------|-----------------------|-----------------------|----------------------------|----------------------------|-----------------------|----------------------|---------------------|
| Unit Type | Number | Unit Floor Area | Actual Rent TCAC AMI % | Per Unit Monthly Gross Rent | Per Unit Regulatory Net Rent | Per Unit Actual Net Rent | Total Monthly Net Rent | Total Annual Net Rent | # of Subsidized Units | Per Unit Net Subsidy Rents | Per Unit Subsidy Increment | Total Monthly Subsidy | Total Annual Subsidy | Total Annual Income |
| 2BR | 22 | 800 | 40.00% | 1,040 | 959 | 958 | 21,076 | 252,912 | 0 | 0 | 0 | 0 | 0 | 252,912 |
| TOTAL | 22 | | | | | | 21,076 | 252,912 | 0 | | | 0 | 0 | 252,912 |

| LIHTC - Tier 4 <i>Ulric</i> Rent / Income Per: TCAC 50% AMI | | | | | | | | | | NOT 0 | | | | |
|--|----------|-----------------|------------------------|-----------------------------|------------------------------|--------------------------|------------------------|-----------------------|-----------------------|----------------------------|----------------------------|-----------------------|----------------------|---------------------|
| Unit Type | Number | Unit Floor Area | Actual Rent TCAC AMI % | Per Unit Monthly Gross Rent | Per Unit Regulatory Net Rent | Per Unit Actual Net Rent | Total Monthly Net Rent | Total Annual Net Rent | # of Subsidized Units | Per Unit Net Subsidy Rents | Per Unit Subsidy Increment | Total Monthly Subsidy | Total Annual Subsidy | Total Annual Income |
| 3BR | 8 | 1,300 | 50.00% | 1,501 | 1,396 | 1,396 | 11,168 | 134,016 | 0 | 0 | 0 | 0 | 0 | 134,016 |
| TOTAL | 8 | | | | | | 11,168 | 134,016 | 0 | | | 0 | 0 | 134,016 |

| LIHTC - Tier 5 <i>Ulric</i> Rent / Income Per: TCAC 60% AMI | | | | | | | | | | NOT 0 | | | | |
|--|-----------|-----------------|------------------------|-----------------------------|------------------------------|--------------------------|------------------------|-----------------------|-----------------------|----------------------------|----------------------------|-----------------------|----------------------|---------------------|
| Unit Type | Number | Unit Floor Area | Actual Rent TCAC AMI % | Per Unit Monthly Gross Rent | Per Unit Regulatory Net Rent | Per Unit Actual Net Rent | Total Monthly Net Rent | Total Annual Net Rent | # of Subsidized Units | Per Unit Net Subsidy Rents | Per Unit Subsidy Increment | Total Monthly Subsidy | Total Annual Subsidy | Total Annual Income |
| 3BR | 11 | 1,300 | 60.03% | 1,802 | 1,697 | 1,697 | 18,667 | 224,004 | 0 | 0 | 0 | 0 | 0 | 224,004 |
| TOTAL | 11 | | | | | | 18,667 | 224,004 | 0 | | | 0 | 0 | 224,004 |

| Staff Units - Site 1 <i>Ulric</i> | | | | | | | | | | | | | | |
|-----------------------------------|----------|-----------------|------------------------|-----------------------------|------------------------------|--------------------------|------------------------|-----------------------|-----------------------|----------------------------|----------------------------|-----------------------|----------------------|---------------------|
| Unit Type | Number | Unit Floor Area | Actual Rent TCAC AMI % | Per Unit Monthly Gross Rent | Per Unit Regulatory Net Rent | Per Unit Actual Net Rent | Total Monthly Net Rent | Total Annual Net Rent | # of Subsidized Units | Per Unit Net Subsidy Rents | Per Unit Subsidy Increment | Total Monthly Subsidy | Total Annual Subsidy | Total Annual Income |
| 1BR | 1 | 500 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 1 | | | | | | 0 | 0 | 0 | | | 0 | 0 | 0 |

| TOTAL RESIDENTIAL INCOME | | | | | | | | | | | | | | |
|--------------------------|-----------|------------------------|-----------------------|---------------------|--------------------|-------------------|------------------|-----------------------|----------------------|-----------------------|----------------------|--------------------|------------------|--|
| | Number | Total Monthly Net Rent | Total Annual Net Rent | Monthly VASH Income | Annual VASH Income | Monthly NA Income | Annual NA Income | Monthly Test C Income | Annual Test C Income | Monthly Test D Income | Annual Test D Income | Grand Total Income | Total Floor Area | |
| LIHTC | 95 | 85,524 | 1,026,288 | 9,670 | 116,040 | 0 | 0 | 0 | 0 | 0 | 0 | 1,142,328 | 79,100 | |
| Staff Units | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 500 | |
| TOTAL | 96 | 85,524 | 1,026,288 | 9,670 | 116,040 | 0 | 0 | 0 | 0 | 0 | 0 | 1,142,328 | 79,600 | |

| MISCELLANEOUS INCOME | | | |
|----------------------|--------------------|---------------|--------------|
| | Per Unit Per Month | Monthly Total | Annual Total |
| Laundry / Vending | 8.00 | 768 | 9,216 |
| Other | 0.00 | 0 | 0 |
| Parking | 0.00 | 0 | 0 |
| TOTAL | 8.00 | 768 | 9,216 |

| SUBSIDIZED UNIT MIX SUMMARY | | | | | | | |
|-----------------------------|-----------------|---------------|-------------------|-------------------|-----------------------|-------------|--|
| Unit Type | Units With VASH | Units With NA | Units With Test C | Units With Test D | Units Without Subsidy | Total Units | |
| 0BR | 10 | 0 | 0 | 0 | 2 | 12 | |
| 1BR | 0 | 0 | 0 | 0 | 22 | 22 | |
| 2BR | 0 | 0 | 0 | 0 | 33 | 33 | |
| 3BR | 0 | 0 | 0 | 0 | 29 | 29 | |
| 4BR | 0 | 0 | 0 | 0 | 0 | 0 | |
| 5BR | 0 | 0 | 0 | 0 | 0 | 0 | |
| TOTAL | 10 | 0 | 0 | 0 | 86 | 96 | |

| | |
|-----------------------------------|------------------------------|
| Calculation of Tax Credits | Version: v5.4 Closing |
|-----------------------------------|------------------------------|

| | FEDERAL | | | CALIFORNIA | | |
|---|-----------------|-----------------|------------|-------------|-----------------|-------|
| | ACQUISITION | CONST/ REHAB | TOTAL | ACQUISITION | CONST/ REHAB | TOTAL |
| TOTAL ELIGIBLE COSTS | 0 | 40,423,627 | 40,423,627 | 0 | 0 | 0 |
| Less: | | | | | | |
| 50% Energy Investment Tax Credit (Res. Portion) | 0 | 0 | 0 | 0 | 0 | 0 |
| Historic Tax Credit (Res. Portion) | | 0 | 0 | | | |
| Non-Eligible Federal Financing | 0 | 0 | 0 | | | |
| Non-Eligible Grants | 0 | 0 | 0 | | | |
| Soft Loan Basis Deduction | 0 | 0 | 0 | 0 | 0 | 0 |
| Voluntary Reduction for Tie-Breaker | 0 | 0 | 0 | 0 | 0 | 0 |
| ELIGIBLE BASIS | 0 | 40,423,627 | 40,423,627 | 0 | 0 | 0 |
| <i>Threshold Basis Limit</i> | | | 87,480,633 | | | |
| <i>TBL: Exclude GP Cap/DDF for 4%/State</i> | | | 0 | | | |
| REQUESTED UNADJUSTED ELIGIBLE BASIS (For Tiebreaker) | 0 | 40,423,627 | 40,423,627 | 0 | 0 | 0 |
| HIGH COST ADJUSTMENT (Y or N) | Y | | | 100.0% | 100.0% | |
| | <i>DDA 2018</i> | | | | | |
| ADJUSTED ELIGIBLE BASIS | 0 | 52,550,715 | 52,550,715 | 0 | 0 | 0 |
| APPLICABLE FRACTION* | 100.0% | 100.0% | | 100.0% | 100.0% | |
| QUALIFIED CREDIT BASIS | 0 | 52,550,715 | 52,550,715 | 0 | 0 | 0 |
| CREDIT RATE (TCAC UNDERWRITING) | | | | | | |
| State - Total | | | | 13.00% | 13.00% | |
| Federal Annual/Yr 1-3 State | | | | 3.07% | 9.00% | |
| Year 4 - State | | | | 3.79% | 3.00% | |
| MAX. POTENTIAL FEDERAL CREDIT (No Vol Basic Reduct/Actual Rate) | | | | | | |
| Credit Rates | 3.07% | 3.07% | | | | |
| Potential Credit | 0 | 1,613,307 | 1,613,307 | | | |
| Credit Rate Locked? YES | | | | | | |
| Nov-16 | | | | | | |
| MAX. CREDIT AMOUNT PER TCAC UNDERWRITING | | | | | | |
| Federal Annual/Yr 1 State | 0 | 1,613,307 | 1,613,307 | 0 | 0 | 0 |
| Yr 2 State | | | | 0 | 0 | 0 |
| Yr 3 State | | | | 0 | 0 | 0 |
| Yr 4 State | | | | 0 | 0 | 0 |
| Total | | | | 0 | 0 | 0 |
| MAXIMUM ALLOWABLE CREDITS (Lesser of above) | | | | | | |
| Federal Annual/Total State | 0 | 1,613,307 | 1,613,307 | | | 0 |
| MAXIMUM ALLOWABLE - TEN YEAR TOTAL | | | 16,133,070 | | | 0 |

Base Year Income & Expense

Version: v5.4 Closing

| | | |
|---|------|------------------|
| INCOME | | |
| Scheduled Gross Income - Residential | | 1,026,288 |
| Scheduled Gross Income - Residential VASH | | 0 |
| Total Gross Subsidy Income - VASH | | 116,040 |
| Misc. Income | | 9,216 |
| Vacancy Loss - Residential | 5.0% | (51,775) |
| Vacancy Loss - VASH | 7.0% | (8,123) |
| Vacancy Loss - Residential VASH | 7.0% | 0 |
| EFFECTIVE GROSS INCOME | | 1,091,646 |
| EXPENSES - RESIDENTIAL | | |
| Administrative | | |
| Advertising | | 0 |
| Legal | | 2,400 |
| Accounting/Audit | | 13,205 |
| Security | | 0 |
| Other: Misc. Admin | | 37,737 |
| Total Administrative | | 53,342 |
| Management Fee | | 55,296 |
| Utilities | | |
| Gas | | 43,812 |
| Electricity | | 30,474 |
| Water/Sewer | | 76,260 |
| Total Utilities | | 150,546 |
| Payroll/Payroll Taxes | | |
| On-Site Manager/Office Admin | | 66,560 |
| Maintenance Payroll | | 45,760 |
| Payroll Taxes/Benefits | | 33,471 |
| Total Payroll/Payroll Taxes | | 145,791 |
| Insurance | | 52,500 |
| Maintenance | | |
| Painting | | 10,000 |
| Repairs | | 21,000 |
| Trash Removal | | 12,000 |
| Exterminating | | 5,000 |
| Grounds | | 16,200 |
| Elevator | | 14,000 |
| Fire Protection | | 11,725 |
| Total Maintenance | | 89,925 |
| Other | | |
| Monitoring Fees | | 18,725 |
| Total Other | | 18,725 |
| Resident Services | | |
| Tenant Services | | 61,750 |
| Total Resident Services | | 61,750 |
| Replacement Reserve | | 57,600 |
| Real Estate Taxes | | 3,000 |
| TOTAL EXPENSES - RESIDENTIAL | | 688,475 |
| Per Unit Per Annum (incl. Reserves) | | 7,172 |
| Per Unit Per Annum (w/o taxes/res/svc/monitoring) | | 5,702 |
| TCAC Minimum (w/o taxes/res/svc) | | 5,400 |
| NET AVAILABLE INCOME | | 403,171 |
| Less: Mandatory Annual HCD Payment (Grossed Up for DSCR Factor) | 1.20 | (76,535) |
| ADJUSTED NET AVAILABLE INCOME: TOTAL | | 326,636 |
| ADJUSTED NET OF COMMERCIAL: | | 326,636 |
| ADJUSTED NET AVAILABLE INCOME: NET OF OP SUBSIDY | | 218,719 |
| Debt Service Coverage Ratio | | 1.20 |
| AVAILABLE FOR DEBT SERVICE (NET OF OP SUBSIDY) | | 182,266 |
| NET AVAILABLE INCOME AFTER SENIOR DEBT SERVICE | | 54,439 |

| | | |
|---|-----------------------|--------------|
| Mortgage Calculation/Bond Ratios | Version: v5.4 Closing | mjoy4edeewdx |
|---|-----------------------|--------------|

| | | | | |
|--|----------------------------|------------------------|--------------------|----------------|
| TRANCHE A | | | | |
| Uses baseline year NOI; includes annual fees | | | | |
| Financing Type: Tax Exempt Perm Loan - A Tranche | | | | |
| | Underwriting Constraint | Maximum Loan Amount | | |
| Debt Service Coverage | 1.20 | 3,052,214 | Rate: | 3.520% |
| Lender Commitment | | NA | Term (mths): | 180 |
| | | | NOI for DS: | <u>326,636</u> |
| | | | Max PMT @ DSCR: | 272,197 |
| MAXIMUM MORTGAGE | | 3,052,214 | Annual Fees: | <u>10,000</u> |
| | | | Annual DS Payment: | 262,197 |

| INTEREST RATE STACK | TRANCHE A | TRANCHE B | 221(D)(4) | SELECTED |
|---------------------|----------------|----------------|----------------|----------------|
| Base Rate | 3.5200% | 5.3800% | 4.2500% | 3.5200% |
| Cushion | 0.0000% | 0.0000% | 0.7500% | 0.0000% |
| MIP | 0.0000% | 0.0000% | 0.4500% | 0.0000% |
| GNMA/Servicing | 0.0000% | 0.0000% | 0.2000% | 0.0000% |
| Issuer | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| Trustee | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| Rating | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| Remarketing | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| Rebate Analyst | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| TOTAL | 3.5200% | 5.3800% | 5.6500% | 3.5200% |
| DCR | 1.20 | 1.15 | 1.15 | 1.2 |

| BOND / REHABILITATION RATIOS | | | | |
|---|------------------------|------------------------|---------------------|-------------------|
| Tax-Exempt Financing Ratio | CDLAC Allocation Limit | Effective Date Limits. | | 1/1/18 |
| | | Units | Per-Unit Limit | Total Limit |
| | | Studio and SRO | 402,500 | 4,830,000 |
| | | One BR | 420,000 | 9,240,000 |
| Series A Bonds | 3,052,000 | Two BR | 447,500 | 14,767,500 |
| Series B Bonds | 0 | Three BR | 492,500 | 14,282,500 |
| Short Term Bonds (Construction Loan Portion) | <u>25,878,321</u> | Four BR or More | 517,500 | 0 |
| TOTAL TAX-EXEMPT FINANCING | 28,930,321 | | | |
| | | TOTAL | | 43,120,000 |
| TOTAL BASIS + LAND ALLOCATION | 49,307,125 | | Potential Bond Size | 25,878,321 |
| <i>Depreciable Basis (residential)</i> | <i>40,412,951</i> | | | |
| <i>Land</i> | <i>7,700,000</i> | | | |
| <i>Holding Costs</i> | <i>1,185,224</i> | | | |
| <i>Title/Recording/Escrow/Legal - Acquisition</i> | <i>8,950</i> | | | |
| | | | Over/(Under) | -17,241,679 |
| Percent Tax-Exempt Financing | 58.67% | | | |

Lease-Up / Placed-in-Service Schedule

Version: v5.4 Closing

SCHEDULE

| | |
|-----------------------|------------------|
| Start of Construction | October 1, 2020 |
| Completion | May 1, 2022 |
| 100% Occupancy | August 1, 2022 |
| Conversion | December 1, 2022 |
| Form(s) 8609 | March 1, 2023 |

LIHTC SCHEDULE

| SINGLE BUILDING / MULTIPLE BUILDINGS - GROUP A | | |
|--|-----------|---------------|
| 1st Tax Credit Year: | | 2022 |
| Completed Lease Up by Month | | |
| Month | No. Units | Percent |
| Jan-22 | 0 | 0.0% |
| Feb-22 | 0 | 0.0% |
| Mar-22 | 0 | 0.0% |
| Apr-22 | 0 | 0.0% |
| May-22 | 32 | 33.7% |
| Jun-22 | 32 | 33.7% |
| Jul-22 | 31 | 32.6% |
| Aug-22 | 0 | 0.0% |
| Sep-22 | 0 | 0.0% |
| Oct-22 | 0 | 0.0% |
| Nov-22 | 0 | 0.0% |
| Dec-22 | 0 | 0.0% |
| Total | 95 | 100.0% |
| Total Avg % Qual. Occ. | | 58.4% |

LIHTC SCHEDULE -- 2/3 CREDITS

| SINGLE BUILDING / MULTIPLE BUILDINGS - GROUP A | | |
|--|-----------|-------------|
| 1st Tax Credit Year: | | 2023 |
| Completed Lease Up by Month | | |
| Month | No. Units | Percent |
| Jan-23 | 0 | 0.0% |
| Feb-23 | 0 | 0.0% |
| Mar-23 | 0 | 0.0% |
| Apr-23 | 0 | 0.0% |
| May-23 | 0 | 0.0% |
| Jun-23 | 0 | 0.0% |
| Jul-23 | 0 | 0.0% |
| Aug-23 | 0 | 0.0% |
| Sep-23 | 0 | 0.0% |
| Oct-23 | 0 | 0.0% |
| Nov-23 | 0 | 0.0% |
| Dec-23 | 0 | 0.0% |
| Total | 0 | 0.0% |
| Total Avg % Qual. Occ. | | 0.0% |

OPERATIONS SCHEDULE

| YEAR 0 | | |
|--|-----------|-------------|
| | | 2021 |
| Completed Lease Up by Month | | |
| Month | No. Units | Percent |
| Jan-21 | 0 | 0.0% |
| Feb-21 | 0 | 0.0% |
| Mar-21 | 0 | 0.0% |
| Apr-21 | 0 | 0.0% |
| May-21 | 0 | 0.0% |
| Jun-21 | 0 | 0.0% |
| Jul-21 | 0 | 0.0% |
| Aug-21 | 0 | 0.0% |
| Sep-21 | 0 | 0.0% |
| Oct-21 | 0 | 0.0% |
| Nov-21 | 0 | 0.0% |
| Dec-21 | 0 | 0.0% |
| Total | 0 | 0.0% |
| Total % Operating in First Year | | 0.0% |

| MULTIPLE BUILDINGS - GROUP B | | |
|-------------------------------|-----------|-------------|
| 1st Tax Credit Year: | | 2023 |
| Month | No. Units | Percent |
| Jan-23 | 0 | 0.0% |
| Feb-23 | 0 | 0.0% |
| Mar-23 | 0 | 0.0% |
| Apr-23 | 0 | 0.0% |
| May-23 | 0 | 0.0% |
| Jun-23 | 0 | 0.0% |
| Jul-23 | 0 | 0.0% |
| Aug-23 | 0 | 0.0% |
| Sep-23 | 0 | 0.0% |
| Oct-23 | 0 | 0.0% |
| Nov-23 | 0 | 0.0% |
| Dec-23 | 0 | 0.0% |
| Total | 0 | 0.0% |
| Total Avg % Qual. Occ. | | 0.0% |

| MULTIPLE BUILDINGS - GROUP B | | |
|-------------------------------|-----------|-------------|
| 1st Tax Credit Year: | | 2024 |
| Month | No. Units | Percent |
| Jan-24 | 0 | 0.0% |
| Feb-24 | 0 | 0.0% |
| Mar-24 | 0 | 0.0% |
| Apr-24 | 0 | 0.0% |
| May-24 | 0 | 0.0% |
| Jun-24 | 0 | 0.0% |
| Jul-24 | 0 | 0.0% |
| Aug-24 | 0 | 0.0% |
| Sep-24 | 0 | 0.0% |
| Oct-24 | 0 | 0.0% |
| Nov-24 | 0 | 0.0% |
| Dec-24 | 0 | 0.0% |
| Total | 0 | 0.0% |
| Total Avg % Qual. Occ. | | 0.0% |

| YEAR 1 (cumulative) | | |
|--------------------------------------|-----------|---------------|
| | | 2022 |
| Month | No. Units | Percent |
| Jan-22 | 0 | 0.0% |
| Feb-22 | 0 | 0.0% |
| Mar-22 | 0 | 0.0% |
| Apr-22 | 0 | 0.0% |
| May-22 | 96 | 100.0% |
| Jun-22 | 0 | 0.0% |
| Jul-22 | 0 | 0.0% |
| Aug-22 | 0 | 0.0% |
| Sep-22 | 0 | 0.0% |
| Oct-22 | 0 | 0.0% |
| Nov-22 | 0 | 0.0% |
| Dec-22 | 0 | 0.0% |
| Total | 96 | 100.0% |
| Total % Operating in 2nd Year | | 66.7% |

PIS SCHEDULE FOR BUILDING BASIS DEPRECIATION

| YEAR 0 | | | |
|---------------------------|-----------|--------------------|---------|
| Mid-Month Convention | | | 2021 |
| Month | No. Units | Bldg. PIS by Month | |
| | | Dep. | Percent |
| Jan-21 | 0 | 0.0% | |
| Feb-21 | 0 | 0.0% | |
| Mar-21 | 0 | 0.0% | |
| Apr-21 | 0 | 0.0% | |
| May-21 | 0 | 0.0% | |
| Jun-21 | 0 | 0.0% | |
| Jul-21 | 0 | 0.0% | |
| Aug-21 | 0 | 0.0% | |
| Sep-21 | 0 | 0.0% | |
| Oct-21 | 0 | 0.0% | |
| Nov-21 | 0 | 0.0% | |
| Dec-21 | 0 | 0.0% | |
| TOTAL | 0 | 0.0% | |
| Total Avg % PIS Y1 | | 0.0% | |
| YEAR 2 (cumulative) | | | |
| | | | |
| Jan-22 | 0 | 0.0% | |
| Feb-22 | 0 | 0.0% | |
| Mar-22 | 0 | 0.0% | |
| Apr-22 | 0 | 0.0% | |
| May-22 | 96 | 4.2% | |
| Jun-22 | 96 | 8.3% | |
| Jul-22 | 96 | 8.3% | |
| Aug-22 | 96 | 8.3% | |
| Sep-22 | 96 | 8.3% | |
| Oct-22 | 96 | 8.3% | |
| Nov-22 | 96 | 8.3% | |
| Dec-22 | 96 | 8.3% | |
| TOTAL | 96 | 62.5% | |
| Total Avg % PIS Y2 | | 62.5% | |

PIS SCHEDULE FOR REHAB/NC BASIS DEPRECIATION

| YEAR 1 | | | | |
|---------------------------|--------------|-----------|--------------------|---------|
| Mid-Month Convention | | | | 2021 |
| Month | Building No. | No. Units | Bldg. PIS by Month | |
| | | | No. Units | Percent |
| Jan-21 | 0 | 0 | 0.0% | |
| Feb-21 | 0 | 0 | 0.0% | |
| Mar-21 | 0 | 0 | 0.0% | |
| Apr-21 | 0 | 0 | 0.0% | |
| May-21 | 0 | 0 | 0.0% | |
| Jun-21 | 0 | 0 | 0.0% | |
| Jul-21 | 0 | 0 | 0.0% | |
| Aug-21 | 0 | 0 | 0.0% | |
| Sep-21 | 0 | 0 | 0.0% | |
| Oct-21 | 0 | 0 | 0.0% | |
| Nov-21 | 0 | 0 | 0.0% | |
| Dec-21 | 0 | 0 | 0.0% | |
| TOTAL | | 0 | 0.0% | |
| Total Avg % PIS Y1 | | | 0.0% | |
| YEAR 2 (cumulative) | | | | |
| | | | | |
| Jan-22 | 0 | 0 | 0.0% | |
| Feb-22 | 0 | 0 | 0.0% | |
| Mar-22 | 0 | 0 | 0.0% | |
| Apr-22 | 0 | 0 | 0.0% | |
| May-22 | 1 | 95 | 4.1% | |
| Jun-22 | 0 | 95 | 8.2% | |
| Jul-22 | 0 | 95 | 8.2% | |
| Aug-22 | 0 | 95 | 8.2% | |
| Sep-22 | 0 | 95 | 8.2% | |
| Oct-22 | 0 | 95 | 8.2% | |
| Nov-22 | 0 | 95 | 8.2% | |
| Dec-22 | 0 | 95 | 8.2% | |
| TOTAL | | 95 | 61.8% | |
| Total Avg % PIS Y2 | | | 61.8% | |

PIS SCHEDULE FOR SITEWORK/PERS. PROP. DEPRECIATION

| YEAR 1 | | | | |
|---------------------------|--------------|-----------|--------------------|---------|
| Mid-Year Convention | | | | 2021 |
| Month | Building No. | No. Units | Bldg. PIS by Month | |
| | | | No. Units | Percent |
| Jan-21 | 0 | 0 | 0.0% | |
| Feb-21 | 0 | 0 | 0.0% | |
| Mar-21 | 0 | 0 | 0.0% | |
| Apr-21 | 0 | 0 | 0.0% | |
| May-21 | 0 | 0 | 0.0% | |
| Jun-21 | 0 | 0 | 0.0% | |
| Jul-21 | 0 | 0 | 0.0% | |
| Aug-21 | 0 | 0 | 0.0% | |
| Sep-21 | 0 | 0 | 0.0% | |
| Oct-21 | 0 | 0 | 0.0% | |
| Nov-21 | 0 | 0 | 0.0% | |
| Dec-21 | 0 | 0 | 0.0% | |
| TOTAL | | 0 | 0.0% | |
| Total Avg % PIS Y1 | | | 0.0% | |
| YEAR 2 (non-cumulative) | | | | |
| | | | | |
| Jan-22 | 0 | 0 | 0.0% | |
| Feb-22 | 0 | 0 | 0.0% | |
| Mar-22 | 0 | 0 | 0.0% | |
| Apr-22 | 0 | 0 | 0.0% | |
| May-22 | 1 | 95 | 0.0% | |
| Jun-22 | 0 | 0 | 0.0% | |
| Jul-22 | 0 | 0 | 8.2% | |
| Aug-22 | 0 | 0 | 8.2% | |
| Sep-22 | 0 | 0 | 8.2% | |
| Oct-22 | 0 | 0 | 8.2% | |
| Nov-22 | 0 | 0 | 8.2% | |
| Dec-22 | 0 | 0 | 8.2% | |
| TOTAL | | 95 | 49.5% | |
| Total Avg % PIS Y2 | | | 49.5% | |

| | |
|--|-----------------------|
| TCAC Calculations & Scoring | Version: v5.4 Closing |
|--|-----------------------|

| THRESHOLD BASIS LIMIT | | | | | | |
|--------------------------------------|-----------|-----------|---|---------|----------------------|-------------------|
| County: | | San Diego | | | | |
| 9% or 4% credits: | | 4% | | | | |
| Year: | | 2019 | | | | |
| Base Limits for Geographic Region | | | Threshold Basis Limit for This Project | | | |
| Unit Type | 9% | 4% | Unit Type | # Units | Per Unit Basis Limit | Total |
| 0 BR | 207,647 | 237,558 | 0 BR | 12 | 237,558 | 2,850,696 |
| 1 BR | 239,415 | 273,902 | 1 BR | 22 | 273,902 | 6,025,844 |
| 2 BR | 288,800 | 330,400 | 2 BR | 33 | 330,400 | 10,903,200 |
| 3 BR | 369,664 | 422,912 | 3 BR | 29 | 422,912 | 12,264,448 |
| 4 BR | 411,829 | 471,150 | 4 BR | 0 | 471,150 | 0 |
| 5 BR | 411,829 | 471,150 | 5 BR | 0 | 471,150 | 0 |
| | | | 96 | | | 32,044,188 |
| Energy/Resource Efficiency Boosts | | | Additional Basis Adjustments | | | |
| Renewables (50% tot./90% area) | 0% | | Boost for Prevailing Wage | | 20.0% | |
| Renewables (75% CA/90% area) | 0% | | Boost for Project Labor Agreement | | 0.0% | |
| Title 24 + 15% | 0% | | Boost for Parking beneath Units | | 0.0% | |
| Post-rehab improvement > 80% | 0% | | Boost for Childcare | | 0.0% | |
| Greywater landscaping | 0% | | Boost for 100% Special Needs | | 0.0% | |
| Community gardens > 60 s.f. | 0% | | Boost for elevator service | | 10.0% | |
| Natural flooring kitchens | 0% | | Subtotal Boost (Max 39%) | | 30.0% | 9,613,256 |
| Natural flooring common area | 0% | | Boost for Energy / Resource Efficiency | | 0.0% | 0 |
| EPA Indoor Air Plus Program met | 0% | | Toxic/Seismic Abatement Costs | | 0.0% | 0 |
| Subtotal Efficiency (Max 10%) | 0% | | Local Development Impact Fees | | | 0 |
| | | | High Opportunity Area | | 0% | 0 |
| | | | BONDS: Boost for units <= 50% AMI (excl. CA credit projec | | 1.0% | 9,933,698 |
| | | | BONDS: Boost for units <= 35% AMI (excl. CA credit projec | | 2.0% | 35,889,491 |
| | | | Total Threshold Basis Limit | | | 87,480,633 |
| | | | Potential Eligible Basis (Less DDF/GP for 4%/state) | | | 40,423,627 |
| | | | Eligible Basis Surplus / Deficit | | | 47,057,006 |

| HCD HIGH COST TEST | |
|---|---------------|
| Total Eligible Basis | 40,423,627 |
| Total Adjusted TBL (Net of Fee Waivers) | 41,657,444 |
| Percentage of ATBL | 97.04% |
| Amount Over/(Under) 130% Limit | (13,731,051) |

15-Year Cash Flow

Version: v5.4 Closing

| Assumptions | | | | | | | | | | | | | | | | | | | | |
|---|--|------------------------|-------------|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Rent Increase: Residential Tenant Rent | 2.00% | Rent Increase - VASH | 2.00% | Perm Loan - % Debt Svc Yr-1 | 0.0% | | | | | | | | | | | | | | | |
| Rent Increase: Commercial Rents | 2.00% | Rent Increase - NA | 2.00% | Perm Loan - % Debt Svc Yr 0 | 0.0% | | | | | | | | | | | | | | | |
| Expenses Increase: | 3.00% | Rent Increase - Test C | 2.00% | Perm Loan - % Debt Svc Yr 1 | 8.3% | | | | | | | | | | | | | | | |
| Reserve Increase: | 0.00% | Rent Increase - Test D | 2.00% | Perm Loan - % Debt Svc Yr 2 | 100.0% | | | | | | | | | | | | | | | |
| | | | | Perm Loan - % Debt Svc Yr 3 | 100.0% | | | | | | | | | | | | | | | |
| | Credit Period Year: | (f) | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
| GROSS POTENTIAL INCOME - RESIDENTIAL | | 0 | 0 | 684,192 | 1,046,814 | 1,067,750 | 1,089,105 | 1,110,887 | 1,133,105 | 1,155,767 | 1,178,882 | 1,202,460 | 1,226,509 | 1,251,039 | 1,276,060 | 1,301,581 | 1,327,613 | 1,354,165 | 1,381,249 | 1,408,873 |
| Incremental Income: VASH | | 0 | 0 | 77,360 | 118,361 | 120,728 | 123,143 | 125,605 | 128,118 | 130,680 | 133,293 | 135,959 | 138,679 | 141,452 | 144,281 | 147,167 | 150,110 | 153,112 | 156,175 | 159,298 |
| Misc. Income | | 0 | 0 | 6,144 | 9,400 | 9,588 | 9,780 | 9,976 | 10,175 | 10,379 | 10,586 | 10,798 | 11,014 | 11,234 | 11,459 | 11,688 | 11,922 | 12,160 | 12,404 | 12,652 |
| Vacancy Loss - Residential | 5.0% | 0 | 0 | (34,517) | (52,811) | (53,867) | (54,944) | (56,043) | (57,164) | (58,307) | (59,473) | (60,663) | (61,876) | (63,114) | (64,376) | (65,663) | (66,977) | (68,316) | (69,683) | (71,076) |
| Vacancy Loss - VASH | 7.0% | 0 | 0 | (5,415) | (8,285) | (8,451) | (8,620) | (8,792) | (8,968) | (9,148) | (9,331) | (9,517) | (9,707) | (9,902) | (10,100) | (10,302) | (10,508) | (10,718) | (10,932) | (11,151) |
| GROSS EFFECTIVE INCOME | | 0 | 0 | 727,764 | 1,113,479 | 1,135,748 | 1,158,463 | 1,181,633 | 1,205,265 | 1,229,371 | 1,253,958 | 1,279,037 | 1,304,618 | 1,330,710 | 1,357,325 | 1,384,471 | 1,412,161 | 1,440,404 | 1,469,212 | 1,498,596 |
| Operating Expenses w/ Standard Inflation | 3.0% | 0 | 0 | 382,183 | 590,473 | 608,187 | 626,433 | 645,226 | 664,583 | 684,520 | 705,056 | 726,208 | 747,994 | 770,434 | 793,547 | 817,353 | 841,874 | 867,130 | 893,144 | 919,938 |
| Operating Expenses w/ Alternate Inflation: Replacement Reserve | 3.5% | 0 | 0 | 38,400 | 59,616 | 61,703 | 63,862 | 66,097 | 68,411 | 70,805 | 73,283 | 75,848 | 78,503 | 81,250 | 84,094 | 87,038 | 90,084 | 93,237 | 96,500 | 99,878 |
| TOTAL EXPENSES | | 0 | 0 | 420,583 | 650,089 | 669,890 | 690,295 | 711,323 | 732,994 | 755,325 | 778,339 | 802,056 | 826,497 | 851,684 | 877,641 | 904,391 | 931,958 | 960,367 | 989,644 | 1,019,816 |
| Total Expenses - Residential | 3.0% | 0 | 0 | 420,583 | 650,089 | 669,890 | 690,295 | 711,323 | 732,994 | 755,325 | 778,339 | 802,056 | 826,497 | 851,684 | 877,641 | 904,391 | 931,958 | 960,367 | 989,644 | 1,019,816 |
| NET OPERATING INCOME | | 0 | 0 | 307,181 | 463,390 | 465,858 | 468,168 | 470,309 | 472,272 | 474,045 | 475,619 | 476,981 | 478,121 | 479,026 | 479,684 | 480,080 | 480,203 | 480,037 | 479,568 | 478,780 |
| REPLACEMENT RESERVE | 57,600 | 0 | 0 | 38,400 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 |
| Mandatory Annual HCD Payment | 0.42% | 0 | 0 | 0 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 |
| NET REMAINING INCOME | | 0 | 0 | 268,781 | 329,255 | 331,724 | 334,033 | 336,175 | 338,137 | 339,910 | 341,484 | 342,847 | 343,986 | 344,891 | 345,549 | 345,946 | 346,068 | 345,902 | 345,433 | 344,646 |
| PERM LOAN - TRANCHE A | Tax Exempt Perm Loan - A Tranche | | | | | | | | | | | | | | | | | | | |
| Principal Balance (Ending) | 3,052,000 | 0 | 0 | 3,052,000 | 2,894,731 | 2,731,836 | 2,563,113 | 2,388,355 | 2,207,344 | 2,019,859 | 1,825,666 | 1,624,527 | 1,416,192 | 1,200,404 | 976,897 | 745,394 | 505,610 | 257,247 | 0 | 0 |
| Annual Issuer Fee | 10,000 0.000% | 0 | 0 | 0 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Series A Bond P&I | 262,178 | 0 | 0 | 0 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 |
| Interest Payment | | 0 | 0 | 0 | 104,909 | 99,283 | 93,456 | 87,420 | 81,168 | 74,693 | 67,986 | 61,039 | 53,844 | 46,391 | 38,671 | 30,676 | 22,394 | 13,816 | 4,931 | 0 |
| Principal Payment | | 0 | 0 | 0 | 157,269 | 162,895 | 168,723 | 174,758 | 181,010 | 187,485 | 194,192 | 201,139 | 208,335 | 215,788 | 223,507 | 231,503 | 239,785 | 248,362 | 257,247 | 0 |
| TOTAL SERIES A DEBT SERVICE | | 0 | 0 | 0 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 |
| NET CASH FLOW | | 0 | 0 | 268,781 | 57,076 | 59,545 | 61,855 | 63,996 | 65,959 | 67,732 | 69,306 | 70,668 | 71,808 | 72,713 | 73,370 | 73,767 | 73,890 | 73,724 | 73,255 | 344,646 |
| CASH FLOW (RESERVED)/RELEASED FOR CONVERSION | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Remaining Net Cash Flow | | 0 | 0 | 268,781 | 57,076 | 59,545 | 61,855 | 63,996 | 65,959 | 67,732 | 69,306 | 70,668 | 71,808 | 72,713 | 73,370 | 73,767 | 73,890 | 73,724 | 73,255 | 344,646 |
| Debt Service Coverage Ratio (All Debt) | | NA | NA | NA | 1.21 | 1.22 | 1.23 | 1.24 | 1.24 | 1.25 | 1.25 | 1.26 | 1.26 | 1.27 | 1.27 | 1.27 | 1.27 | 1.27 | 1.27 | NA |
| DISTRIBUTION OF CASH FLOW | | | | | | | | | | | | | | | | | | | | |
| LP AMF 1 | Annual Amt: 7,500 Inflation: 3.00% | 0 | 0 | 625 | 7,725 | 7,957 | 8,195 | 8,441 | 8,695 | 8,955 | 9,224 | 9,501 | 9,786 | 10,079 | 10,382 | 10,693 | 11,014 | 11,344 | 11,685 | 12,035 |
| DDF | Annual Amt: 0 Interest Rate: 0.00% | 0 | 0 | 268,156 | 49,351 | 51,589 | 53,660 | 55,555 | 57,264 | 58,777 | 60,082 | 61,167 | 62,022 | 62,634 | 62,989 | 63,074 | 62,876 | 62,379 | 61,570 | 332,610 |
| GP AMF 2 | Annual Amt: 20,000 Inflation: 3.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Residual Receipts Loans | Total % | | | | | | | | | | | | | | | | | | | |
| HCD - MHP | 56.55% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| San Diego Housing Commission | 21.72% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| County of SD - IHTF | 21.72% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| General Partner | 90.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Limited Partner | 10.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Ulric I

15-Year Cash Flow

| Assumptions | | | | | | | | | | | | | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Rent Increase: Residential Tenant Rent | | | | | | | | | | | | | | | | | | | | | |
| Rent Increase: Commercial Rents | | | | | | | | | | | | | | | | | | | | | |
| Expenses Increase: | | | | | | | | | | | | | | | | | | | | | |
| Reserve Increase: | | | | | | | | | | | | | | | | | | | | | |
| | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 |
| | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 | 2052 | 2053 | 2054 | 2055 | 2056 | 2057 | 2058 | 2059 |
| GROSS POTENTIAL INCOME - RESIDENTIAL | 1,437,051 | 1,465,792 | 1,495,108 | 1,525,010 | 1,555,510 | 1,586,620 | 1,618,353 | 1,650,720 | 1,683,734 | 1,717,409 | 1,751,757 | 1,786,792 | 1,822,528 | 1,858,979 | 1,896,158 | 1,934,081 | 1,972,763 | 2,012,218 | 2,052,463 | 2,093,512 | 2,135,382 |
| Incremental Income: VASH | 162,484 | 165,734 | 169,048 | 172,429 | 175,878 | 179,395 | 182,983 | 186,643 | 190,376 | 194,183 | 198,067 | 202,028 | 206,069 | 210,190 | 214,394 | 218,682 | 223,056 | 227,517 | 232,067 | 236,709 | 241,443 |
| Misc. Income | 12,905 | 13,163 | 13,426 | 13,694 | 13,968 | 14,248 | 14,533 | 14,823 | 15,120 | 15,422 | 15,731 | 16,045 | 16,366 | 16,694 | 17,027 | 17,368 | 17,715 | 18,070 | 18,431 | 18,800 | 19,176 |
| Vacancy Loss - Residential | (72,498) | (73,948) | (75,427) | (76,935) | (78,474) | (80,043) | (81,644) | (83,277) | (84,943) | (86,642) | (88,374) | (90,142) | (91,945) | (93,784) | (95,659) | (97,572) | (99,524) | (101,514) | (103,545) | (105,616) | (107,728) |
| Vacancy Loss - VASH | (11,374) | (11,601) | (11,833) | (12,070) | (12,311) | (12,558) | (12,809) | (13,065) | (13,326) | (13,593) | (13,865) | (14,142) | (14,425) | (14,713) | (15,008) | (15,308) | (15,614) | (15,926) | (16,245) | (16,570) | (16,901) |
| GROSS EFFECTIVE INCOME | 1,528,568 | 1,559,139 | 1,590,322 | 1,622,129 | 1,654,571 | 1,687,663 | 1,721,416 | 1,755,844 | 1,790,961 | 1,826,780 | 1,863,316 | 1,900,582 | 1,938,594 | 1,977,366 | 2,016,913 | 2,057,251 | 2,098,396 | 2,140,364 | 2,183,171 | 2,226,835 | 2,271,372 |
| Operating Expenses w/ Standard Inflator | 947,536 | 975,962 | 1,005,241 | 1,035,398 | 1,066,460 | 1,098,454 | 1,131,408 | 1,165,350 | 1,200,311 | 1,236,320 | 1,273,409 | 1,311,612 | 1,350,960 | 1,391,489 | 1,433,234 | 1,476,231 | 1,520,517 | 1,566,133 | 1,613,117 | 1,661,511 | 1,711,356 |
| Operating Expenses w/ Alternate Inflators: Replacement Reserve | 103,373 | 106,991 | 110,736 | 114,612 | 118,623 | 122,775 | 127,072 | 131,520 | 136,123 | 140,887 | 145,818 | 150,922 | 156,204 | 161,671 | 167,330 | 173,186 | 179,248 | 185,522 | 192,015 | 198,735 | 205,691 |
| TOTAL EXPENSES | <u>1,050,910</u> | <u>1,082,954</u> | <u>1,115,977</u> | <u>1,150,010</u> | <u>1,185,084</u> | <u>1,221,229</u> | <u>1,258,480</u> | <u>1,296,870</u> | <u>1,336,433</u> | <u>1,377,207</u> | <u>1,419,228</u> | <u>1,462,534</u> | <u>1,507,164</u> | <u>1,553,160</u> | <u>1,600,563</u> | <u>1,649,417</u> | <u>1,699,765</u> | <u>1,751,655</u> | <u>1,805,132</u> | <u>1,860,246</u> | <u>1,917,047</u> |
| Total Expenses - Residential | 1,050,910 | 1,082,954 | 1,115,977 | 1,150,010 | 1,185,084 | 1,221,229 | 1,258,480 | 1,296,870 | 1,336,433 | 1,377,207 | 1,419,228 | 1,462,534 | 1,507,164 | 1,553,160 | 1,600,563 | 1,649,417 | 1,699,765 | 1,751,655 | 1,805,132 | 1,860,246 | 1,917,047 |
| NET OPERATING INCOME | 477,658 | 476,186 | 474,345 | 472,118 | 469,487 | 466,433 | 462,936 | 458,974 | 454,528 | 449,573 | 444,088 | 438,048 | 431,429 | 424,205 | 416,350 | 407,834 | 398,631 | 388,710 | 378,040 | 366,589 | 354,325 |
| REPLACEMENT RESERVE | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 |
| Mandatory Annual HCD Payment | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 |
| NET REMAINING INCOME | 343,524 | 342,051 | 340,210 | 337,983 | 335,353 | 332,298 | 328,801 | 324,840 | 320,393 | 315,438 | 309,953 | 303,914 | 297,295 | 290,071 | 282,215 | 273,699 | 264,496 | 254,575 | 243,905 | 232,454 | 220,190 |
| PERM LOAN - TRANCHE A | | | | | | | | | | | | | | | | | | | | | |
| Principal Balance (Ending) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Annual Issuer Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Series A Bond P&I | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Payment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Principal Payment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SERIES A DEBT SERVICE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET CASH FLOW | 343,524 | 342,051 | 340,210 | 337,983 | 335,353 | 332,298 | 328,801 | 324,840 | 320,393 | 315,438 | 309,953 | 303,914 | 297,295 | 290,071 | 282,215 | 273,699 | 264,496 | 254,575 | 243,905 | 232,454 | 220,190 |
| CASH FLOW (RESERVED)/RELEASED FOR | | | | | | | | | | | | | | | | | | | | | |
| Remaining Net Cash Flow | 343,524 | 342,051 | 340,210 | 337,983 | 335,353 | 332,298 | 328,801 | 324,840 | 320,393 | 315,438 | 309,953 | 303,914 | 297,295 | 290,071 | 282,215 | 273,699 | 264,496 | 254,575 | 243,905 | 232,454 | 220,190 |
| Debt Service Coverage Ratio (All Debt) | NA |
| DISTRIBUTION OF CASH FLOW | | | | | | | | | | | | | | | | | | | | | |
| LP AMF 1 | 12,396 | 12,768 | 13,151 | 13,546 | 13,952 | 14,371 | 14,802 | 15,246 | 15,703 | 16,174 | 16,660 | 17,159 | 17,674 | 18,204 | 18,751 | 19,313 | 19,893 | 20,489 | 21,104 | 21,737 | 22,389 |
| DDF | 14,246 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GP AMF 2 | 316,881 | 167,123 | 35,070 | 36,122 | 37,206 | 38,322 | 39,472 | 40,656 | 41,876 | 43,132 | 44,426 | 45,759 | 47,131 | 48,545 | 50,002 | 51,502 | 53,047 | 54,638 | 56,277 | 57,966 | 59,705 |
| <i>Residual Receipts Loans</i> | | | | | | | | | | | | | | | | | | | | | |
| HCD - MHP | 0 | 45,852 | 82,563 | 81,524 | 80,359 | 79,062 | 77,626 | 76,045 | 74,313 | 72,424 | 70,370 | 68,144 | 65,739 | 63,146 | 60,359 | 57,368 | 54,165 | 50,741 | 47,086 | 43,192 | 39,048 |
| San Diego Housing Commission | 0 | 17,614 | 31,716 | 31,317 | 30,869 | 30,371 | 29,819 | 29,212 | 28,547 | 27,821 | 27,032 | 26,177 | 25,253 | 24,257 | 23,186 | 22,037 | 20,807 | 19,491 | 18,088 | 16,592 | 15,000 |
| County of SD - IHTF | 0 | 17,614 | 31,716 | 31,317 | 30,869 | 30,371 | 29,819 | 29,212 | 28,547 | 27,821 | 27,032 | 26,177 | 25,253 | 24,257 | 23,186 | 22,037 | 20,807 | 19,491 | 18,088 | 16,592 | 15,000 |
| General Partner | 0 | 72,972 | 131,395 | 129,742 | 127,888 | 125,823 | 123,537 | 121,022 | 118,266 | 115,259 | 111,991 | 108,448 | 104,620 | 100,494 | 96,058 | 91,298 | 86,201 | 80,751 | 74,936 | 68,738 | 62,143 |
| Limited Partner | 0 | 8,108 | 14,599 | 14,416 | 14,210 | 13,980 | 13,726 | 13,447 | 13,141 | 12,807 | 12,443 | 12,050 | 11,624 | 11,166 | 10,673 | 10,144 | 9,578 | 8,972 | 8,326 | 7,638 | 6,905 |

Ulric I

15-Year Cash Flow

| Assumptions | | | | | | | | | | | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Rent Increase: Residential Tenant Rent | | | | | | | | | | | | | | | | | | | |
| Rent Increase: Commercial Rents | | | | | | | | | | | | | | | | | | | |
| Expenses Increase: | | | | | | | | | | | | | | | | | | | |
| Reserve Increase: | | | | | | | | | | | | | | | | | | | |
| | 39 | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 |
| | 2060 | 2061 | 2062 | 2063 | 2064 | 2065 | 2066 | 2067 | 2068 | 2069 | 2070 | 2071 | 2072 | 2073 | 2074 | 2075 | 2076 | 2077 | 2078 |
| GROSS POTENTIAL INCOME - RESIDENTIAL | 2,178,090 | 2,221,652 | 2,266,085 | 2,311,406 | 2,357,634 | 2,404,787 | 2,452,883 | 2,501,941 | 2,551,979 | 2,603,019 | 2,655,079 | 2,708,181 | 2,762,344 | 2,817,591 | 2,873,943 | 2,931,422 | 2,990,051 | 3,049,852 | 3,110,849 |
| Incremental Income: VASH | 246,272 | 251,197 | 256,221 | 261,345 | 266,572 | 271,904 | 277,342 | 282,889 | 288,546 | 294,317 | 300,204 | 306,208 | 312,332 | 318,579 | 324,950 | 331,449 | 338,078 | 344,840 | 351,736 |
| Misc. Income | 19,559 | 19,950 | 20,349 | 20,756 | 21,171 | 21,595 | 22,027 | 22,467 | 22,917 | 23,375 | 23,842 | 24,319 | 24,806 | 25,302 | 25,808 | 26,324 | 26,850 | 27,387 | 27,935 |
| Vacancy Loss - Residential | (109,882) | (112,080) | (114,322) | (116,608) | (118,940) | (121,319) | (123,745) | (126,220) | (128,745) | (131,320) | (133,946) | (136,625) | (139,358) | (142,145) | (144,988) | (147,887) | (150,845) | (153,862) | (156,939) |
| Vacancy Loss - VASH | (17,239) | (17,584) | (17,935) | (18,294) | (18,660) | (19,033) | (19,414) | (19,802) | (20,198) | (20,602) | (21,014) | (21,435) | (21,863) | (22,300) | (22,747) | (23,201) | (23,665) | (24,139) | (24,622) |
| GROSS EFFECTIVE INCOME | 2,316,799 | 2,363,135 | 2,410,398 | 2,458,606 | 2,507,778 | 2,557,933 | 2,609,092 | 2,661,274 | 2,714,499 | 2,768,789 | 2,824,165 | 2,880,648 | 2,938,261 | 2,997,027 | 3,056,967 | 3,118,106 | 3,180,469 | 3,244,078 | 3,308,959 |
| Operating Expenses w/ Standard Inflator | 1,762,696 | 1,815,577 | 1,870,045 | 1,926,146 | 1,983,930 | 2,043,448 | 2,104,752 | 2,167,894 | 2,232,931 | 2,299,919 | 2,368,917 | 2,439,984 | 2,513,184 | 2,588,579 | 2,666,237 | 2,746,224 | 2,828,610 | 2,913,469 | 3,000,873 |
| Operating Expenses w/ Alternate Inflators: | | | | | | | | | | | | | | | | | | | |
| <i>Replacement Reserve</i> | 212,890 | 220,341 | 228,053 | 236,035 | 244,296 | 252,847 | 261,696 | 270,856 | 280,336 | 290,148 | 300,303 | 310,813 | 321,692 | 332,951 | 344,604 | 356,665 | 369,149 | 382,069 | 395,441 |
| TOTAL EXPENSES | <u>1,975,587</u> | <u>2,035,919</u> | <u>2,098,098</u> | <u>2,162,181</u> | <u>2,228,227</u> | <u>2,296,295</u> | <u>2,366,448</u> | <u>2,438,750</u> | <u>2,513,267</u> | <u>2,590,067</u> | <u>2,669,219</u> | <u>2,750,798</u> | <u>2,834,876</u> | <u>2,921,530</u> | <u>3,010,841</u> | <u>3,102,889</u> | <u>3,197,759</u> | <u>3,295,538</u> | <u>3,396,314</u> |
| <i>Total Expenses - Residential</i> | 1,975,587 | 2,035,919 | 2,098,098 | 2,162,181 | 2,228,227 | 2,296,295 | 2,366,448 | 2,438,750 | 2,513,267 | 2,590,067 | 2,669,219 | 2,750,798 | 2,834,876 | 2,921,530 | 3,010,841 | 3,102,889 | 3,197,759 | 3,295,538 | 3,396,314 |
| NET OPERATING INCOME | 341,212 | 327,216 | 312,300 | 296,424 | 279,551 | 261,638 | 242,644 | 222,524 | 201,232 | 178,723 | 154,946 | 129,851 | 103,386 | 75,496 | 46,126 | 15,217 | (17,291) | (51,460) | (87,355) |
| REPLACEMENT RESERVE | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 |
| Mandatory Annual HCD Payment | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 |
| NET REMAINING INCOME | 207,077 | 193,081 | 178,165 | 162,290 | 145,416 | 127,503 | 108,509 | 88,389 | 67,097 | 44,588 | 20,811 | (4,284) | (30,749) | (58,639) | (88,009) | (118,918) | (151,425) | (185,595) | (221,489) |
| PERM LOAN - TRANCHE A | | | | | | | | | | | | | | | | | | | |
| Principal Balance (Ending) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Annual Issuer Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Series A Bond P&I | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Payment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Principal Payment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SERIES A DEBT SERVICE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET CASH FLOW | 207,077 | 193,081 | 178,165 | 162,290 | 145,416 | 127,503 | 108,509 | 88,389 | 67,097 | 44,588 | 20,811 | (4,284) | (30,749) | (58,639) | (88,009) | (118,918) | (151,425) | (185,595) | (221,489) |
| CASH FLOW (RESERVED)/RELEASED FOR | | | | | | | | | | | | | | | | | | | |
| Remaining Net Cash Flow | 207,077 | 193,081 | 178,165 | 162,290 | 145,416 | 127,503 | 108,509 | 88,389 | 67,097 | 44,588 | 20,811 | (4,284) | (30,749) | (58,639) | (88,009) | (118,918) | (151,425) | (185,595) | (221,489) |
| Debt Service Coverage Ratio (All Debt) | NA |
| DISTRIBUTION OF CASH FLOW | | | | | | | | | | | | | | | | | | | |
| LP AMF 1 | 23,061 | 23,753 | 24,465 | 25,199 | 25,955 | 26,734 | 27,536 | 28,362 | 29,213 | 30,089 | 20,811 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DDF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>DDF Not</i> | | | | | | | | | | | | | | | | | | | |
| GP AMF 2 | 61,496 | 63,341 | 65,241 | 67,198 | 69,214 | 71,290 | 73,429 | 60,027 | 37,885 | 14,499 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Residual Receipts Loans</i> | | | | | | | | | | | | | | | | | | | |
| HCD - MHP | 34,644 | 29,969 | 25,013 | 19,763 | 14,208 | 8,336 | 2,133 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| San Diego Housing Commission | 13,308 | 11,512 | 9,608 | 7,592 | 5,458 | 3,202 | 819 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| County of SD - IHFP | 13,308 | 11,512 | 9,608 | 7,592 | 5,458 | 3,202 | 819 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| General Partner | 55,134 | 47,695 | 39,806 | 31,452 | 22,611 | 13,266 | 3,395 | 0 | 0 | 0 | 0 | (3,856) | (27,674) | (52,775) | (79,208) | (107,026) | (136,283) | (167,035) | (199,341) |
| Limited Partner | 6,126 | 5,299 | 4,423 | 3,495 | 2,512 | 1,474 | 377 | 0 | 0 | 0 | 0 | (428) | (3,075) | (5,864) | (8,801) | (11,892) | (15,143) | (18,559) | (22,149) |

Schedule of Outstanding Debt and Reserves - Book Basis

Version: v5.4 Closing

| | Credit Period Year: | (1) | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|--|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
| Tax Exempt Perm Loan - A Tranche AMORTIZING PERIOD ONLY | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | 3,052,000 | 0 | 0 | 0 | 3,052,000 | 2,894,731 | 2,731,836 | 2,563,113 | 2,388,355 | 2,207,344 | 2,019,859 | 1,825,666 | 1,624,527 | 1,416,192 | 1,200,404 | 976,897 | 745,394 | 505,610 | 257,247 | 0 |
| Interest Paid (Interest Rate Only) | 3.520% | 0 | 0 | 0 | 104,909 | 99,283 | 93,456 | 87,420 | 81,168 | 74,693 | 67,986 | 61,039 | 53,844 | 46,391 | 38,671 | 30,676 | 22,394 | 13,816 | 4,931 | 0 |
| Annual P&I | COMPOUND | 0 | 0 | 0 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 0 |
| Ending Balance | | 0 | 0 | 3,052,000 | 2,894,731 | 2,731,836 | 2,563,113 | 2,388,355 | 2,207,344 | 2,019,859 | 1,825,666 | 1,624,527 | 1,416,192 | 1,200,404 | 976,897 | 745,394 | 505,610 | 257,247 | 0 | 0 |
| HCD - MHP | | | | | | | | | | | | | | | | | | | | |
| PERM SOURCE ONLY? Y | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | 18,222,571 | 0 | 0 | 0 | 18,268,127 | 18,738,270 | 19,208,412 | 19,678,554 | 20,148,697 | 20,618,839 | 21,088,981 | 21,559,124 | 22,029,266 | 22,499,408 | 22,969,551 | 23,439,693 | 23,909,835 | 24,379,978 | 24,850,120 | 25,320,262 |
| Interest Accrued @ | 3.000% | 0 | 0 | 45,556 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 |
| Residual Receipts Payment | SIMPLE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mandatory Minimum Payment | 0.42% | 0 | 0 | 0 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 |
| Ending Balance | CONSTRUCT AOB: 55% | 0 | 0 | 18,268,127 | 18,738,270 | 19,208,412 | 19,678,554 | 20,148,697 | 20,618,839 | 21,088,981 | 21,559,124 | 22,029,266 | 22,499,408 | 22,969,551 | 23,439,693 | 23,909,835 | 24,379,978 | 24,850,120 | 25,320,262 | 25,790,405 |
| San Diego Housing Commission | | | | | | | | | | | | | | | | | | | | |
| PERM SOURCE ONLY? N | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | 7,000,000 | 0 | 6,347,250 | 6,536,250 | 7,427,000 | 7,637,000 | 7,847,000 | 8,057,000 | 8,267,000 | 8,477,000 | 8,687,000 | 8,897,000 | 9,107,000 | 9,317,000 | 9,527,000 | 9,737,000 | 9,947,000 | 10,157,000 | 10,367,000 | 10,577,000 |
| Interest Accrued @ | 3.000% | 47,250 | 189,000 | 190,750 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 |
| Residual Receipts Payment | SIMPLE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mandatory Minimum Payment | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | CONSTRUCT AOB: 100% | 6,347,250 | 6,536,250 | 7,427,000 | 7,637,000 | 7,847,000 | 8,057,000 | 8,267,000 | 8,477,000 | 8,687,000 | 8,897,000 | 9,107,000 | 9,317,000 | 9,527,000 | 9,737,000 | 9,947,000 | 10,157,000 | 10,367,000 | 10,577,000 | 10,787,000 |
| County of SD - IHFT | | | | | | | | | | | | | | | | | | | | |
| PERM SOURCE ONLY? N | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | 7,000,000 | 0 | 6,347,250 | 6,536,250 | 7,427,000 | 7,637,000 | 7,847,000 | 8,057,000 | 8,267,000 | 8,477,000 | 8,687,000 | 8,897,000 | 9,107,000 | 9,317,000 | 9,527,000 | 9,737,000 | 9,947,000 | 10,157,000 | 10,367,000 | 10,577,000 |
| Interest Accrued @ | 3.000% | 47,250 | 189,000 | 190,750 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 |
| Residual Receipts Payment | SIMPLE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mandatory Minimum Payment | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | CONSTRUCT AOB: 55% | 6,347,250 | 6,536,250 | 7,427,000 | 7,637,000 | 7,847,000 | 8,057,000 | 8,267,000 | 8,477,000 | 8,687,000 | 8,897,000 | 9,107,000 | 9,317,000 | 9,527,000 | 9,737,000 | 9,947,000 | 10,157,000 | 10,367,000 | 10,577,000 | 10,787,000 |
| TOTAL OUTSTANDING DEBT (BOOK BASIS) | | 12,694,500 | 13,072,500 | 36,174,127 | 36,907,001 | 37,634,248 | 38,355,667 | 39,071,051 | 39,780,183 | 40,482,840 | 41,178,790 | 41,867,793 | 42,549,601 | 43,223,955 | 43,890,590 | 44,549,230 | 45,199,587 | 45,841,367 | 46,474,262 | 47,364,405 |
| DDF Accruals | | 0 | 0 | 1,231,844 | 1,182,493 | 1,130,904 | 1,077,245 | 1,021,690 | 964,426 | 905,649 | 845,568 | 784,400 | 722,378 | 659,744 | 596,756 | 533,682 | 470,806 | 408,427 | 346,857 | 14,246 |
| GP AMF 2 Accruals | | 0 | 0 | 1,667 | 22,267 | 43,485 | 65,339 | 87,849 | 111,035 | 134,916 | 159,513 | 184,849 | 210,944 | 237,823 | 265,507 | 294,022 | 323,393 | 353,645 | 384,804 | 416,898 |
| TOTAL OUTSTANDING DEBT+ACCRUALS (BOOK BASIS) | | 12,694,500 | 13,072,500 | 37,407,638 | 38,111,760 | 38,808,637 | 39,498,251 | 40,180,591 | 40,855,644 | 41,523,406 | 42,183,871 | 42,837,042 | 43,482,923 | 44,121,522 | 44,752,853 | 45,376,934 | 45,993,787 | 46,603,439 | 47,205,923 | 47,795,550 |

RESERVE BALANCES

| Capitalized Replacement Reserve | | | | | | | | | | | | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|-----------|
| Deed-Secured? Y | | | | | | | | | | | | | | | | | | | | |
| Previous Balance | 48,000 | 48,960 | 49,939 | 89,338 | 148,725 | 209,299 | 271,085 | 334,107 | 398,389 | 463,957 | 530,836 | 599,053 | 668,634 | 739,606 | 811,999 | 885,839 | 961,155 | 1,037,978 | 1,116,338 | 1,196,265 |
| Deposit to Reserve | 0 | 0 | 38,400 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 |
| Interest on Reserve | 2.0% | 960 | 979 | 999 | 1,787 | 2,974 | 4,186 | 5,422 | 6,682 | 7,968 | 9,279 | 10,617 | 11,981 | 13,373 | 14,792 | 16,240 | 17,717 | 19,223 | 20,760 | 22,327 |
| Withdrawal from Reserve | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | | 48,000 | 48,960 | 49,939 | 89,338 | 148,725 | 209,299 | 271,085 | 334,107 | 398,389 | 463,957 | 530,836 | 599,053 | 668,634 | 739,606 | 811,999 | 885,839 | 961,155 | 1,037,978 | 1,116,338 |
| Capitalized Operating Reserve (4 mos.) | | | | | | | | | | | | | | | | | | | | |
| Deed-Secured? N | | | | | | | | | | | | | | | | | | | | |
| Previous Balance | 342,396 | 349,244 | 356,229 | 363,353 | 370,621 | 378,033 | 385,594 | 393,305 | 401,172 | 409,195 | 417,379 | 425,726 | 434,241 | 442,926 | 451,784 | 460,820 | 470,036 | 479,437 | 489,026 | 498,806 |
| Deposit to Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest on Reserve | 2.0% | 6,848 | 6,985 | 7,125 | 7,267 | 7,412 | 7,561 | 7,712 | 7,866 | 8,023 | 8,184 | 8,348 | 8,515 | 8,685 | 8,859 | 9,036 | 9,216 | 9,401 | 9,589 | 9,781 |
| Withdrawal from Reserve | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | | 342,396 | 349,244 | 356,229 | 363,353 | 370,621 | 378,033 | 385,594 | 393,305 | 401,172 | 409,195 | 417,379 | 425,726 | 434,241 | 442,926 | 451,784 | 460,820 | 470,036 | 479,437 | 489,026 |

Schedule of Deductions

Version: v5.4 Closing

| Depreciation Assumptions | | | | | | | | | | | | | | | | | | | | | |
|--|-------------------------------|--------------------------|---------------|----------------------|------------------|-------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Proration | Building: Residential | | Building: Commercial | | Site Improvements | | Personal Property | | | | | | | | | | | | | |
| | | Asset Life | Method | Asset Life | Method | Asset Life | Method | Asset Life | Method | | | | | | | | | | | | |
| ADS | 100.0% | 30.0 | straight line | 30.0 | straight line | 100.0% | 20 Yr SL | 100.0% | 9 Yr SL | | | | | | | | | | | | |
| MACRS | 0.0% | 27.5 | straight line | 27.5 | straight line | 0.0% | 15 Yr 150% DB | 0.0% | 5 Yr DDB | | | | | | | | | | | | |
| DEPRECIATION SCHEDULE | | | | | | | | | | | | | | | | | | | | | |
| | Beginning Basis | Credit Period Year: 2019 | (1) 2020 | 0 2021 | 1 2022 | 2 2023 | 3 2024 | 4 2025 | 5 2026 | 6 2027 | 7 2028 | 8 2029 | 9 2030 | 10 2031 | 11 2032 | 12 2033 | 13 2034 | 14 2035 | 15 2036 | 16 2037 | 17 2038 |
| 30 years straight line - Res - Rehab | 37,580,098 | | 0 | 0 | 774,763 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 |
| Site Improvements (20 yr SL.) | 1,792,853 | | 0 | 0 | 44,354 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 |
| Personal Property (9 yr SL) | 1,040,000 | | 0 | 0 | 57,176 | 115,556 | 115,556 | 115,556 | 115,556 | 115,556 | 115,556 | 115,556 | 115,556 | 58,380 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBTOTAL | 40,412,951 | 0 | 0 | 0 | 876,294 | 1,457,868 | 1,457,868 | 1,457,868 | 1,457,868 | 1,457,868 | 1,457,868 | 1,457,868 | 1,457,868 | 1,400,692 | 1,342,313 |
| AMORTIZATION SCHEDULE | | | | | | | | | | | | | | | | | | | | | |
| TCAC Application/Res/Monitoring Fee | 56,493 | | 0 | 0 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 0 | 0 |
| Costs of Issuance | 655,582 | | 0 | 0 | 194,122 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 |
| Title/Recording/Escrow - Permanent | 10,000 | | 0 | 0 | 56 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 |
| Market/Rent Comp Study | 8,500 | | 0 | 0 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 0 | 0 |
| Legal: Organization of Partnership | 9,826 | | 0 | 0 | 0 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 0 | 0 |
| SUBTOTAL | 740,401 | 0 | 0 | 0 | 198,794 | 20,195 | 20,195 | 20,195 | 20,195 | 20,195 | 20,195 | 20,195 | 20,195 | 20,195 | 19,345 | 19,345 | 19,345 | 19,345 | 19,345 | 14,877 | 14,877 |
| EXPENSED COSTS | | | | | | | | | | | | | | | | | | | | | |
| Audit/Cost Certification | 24,943 | | 0 | 0 | 24,943 | 0 | 0 | | | | | | | | | | | | | | |
| Start-up /Lease-up Expenses | 150,000 | | 0 | 0 | 150,000 | 0 | 0 | | | | | | | | | | | | | | |
| LP AMF 1 | | | 0 | 0 | 625 | 7,725 | 7,957 | 8,195 | 8,441 | 8,695 | 8,955 | 9,224 | 9,501 | 9,786 | 10,079 | 10,382 | 10,693 | 11,014 | 11,344 | 11,685 | 12,035 |
| Annual Issuer Fee | | | 0 | 0 | 0 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 0 |
| SUBTOTAL | 174,943 | 0 | 0 | 0 | 175,568 | 17,725 | 17,957 | 18,195 | 18,441 | 18,695 | 18,955 | 19,224 | 19,501 | 19,786 | 20,079 | 20,382 | 20,693 | 21,014 | 21,344 | 21,685 | 12,035 |
| <i>NOTE: PMF/CMF not expensed</i> | | | | | | | | | | | | | | | | | | | | | |
| INTEREST DEDUCTIONS | | | | | | | | | | | | | | | | | | | | | |
| Interest - Tranche A | Tax Exempt Perm Loan - A Tran | | 0 | 0 | 0 | 104,909 | 99,283 | 93,456 | 87,420 | 81,168 | 74,693 | 67,986 | 61,039 | 53,844 | 46,391 | 38,671 | 30,676 | 22,394 | 13,816 | 4,931 | 0 |
| Interest - Predevelopment Loans | | | 0 | 0 | 210,150 | 0 | 0 | | | | | | | | | | | | | | |
| Interest - HCD - MHP | HCD - MHP | | 0 | 0 | 0 | 0 | 0 | 343,928 | 349,018 | 354,204 | 359,489 | 364,875 | 370,363 | 375,956 | 381,655 | 387,462 | 393,380 | 399,411 | 405,557 | 411,819 | 418,201 |
| Interest - San Diego Housing Commission | San Diego Housing Commission | | 0 | 0 | 78,685 | 0 | 0 | 129,778 | 132,098 | 134,460 | 136,863 | 139,310 | 141,801 | 144,336 | 146,916 | 149,542 | 152,216 | 154,937 | 157,707 | 160,526 | 163,396 |
| Interest - County of SD - IHTF | County of SD - IHTF | | 0 | 0 | 78,685 | 0 | 0 | 129,778 | 132,098 | 134,460 | 136,863 | 139,310 | 141,801 | 144,336 | 146,916 | 149,542 | 152,216 | 154,937 | 157,707 | 160,526 | 163,396 |
| Interest- Expensed Constr. Period Interest | | | 0 | 0 | 523,157 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBTOTAL | | 0 | 0 | 0 | 890,677 | 104,909 | 99,283 | 696,940 | 700,634 | 704,292 | 707,909 | 711,481 | 715,003 | 718,470 | 721,877 | 725,218 | 728,487 | 731,679 | 734,786 | 737,802 | 744,992 |
| TOTAL DEDUCTIONS | | 0 | 0 | 0 | 2,141,332 | 1,600,698 | 1,595,303 | 2,193,199 | 2,197,139 | 2,201,050 | 2,204,928 | 2,208,768 | 2,212,567 | 2,159,143 | 2,103,614 | 2,107,258 | 2,110,838 | 2,114,351 | 2,117,788 | 2,116,677 | 2,114,217 |

Analysis of Taxable Income

Version: v5.4 Closing

| Assumptions | | 21.0% Loss Reallocation (year 12): | | | | | | | | | | | | | | | | | | |
|--------------------------------------|--|------------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Marginal Tax Rate - Federal | | 21.0% | | | | | | | | | | | | | | | | | | |
| Marginal Tax Rate - State | | 0.0% | | | | | | | | | | | | | | | | | | |
| Effective Combined Marginal Tax Rate | | 21.0% | | | | | | | | | | | | | | | | | | |
| Number of LP Capital Contributions | | 4 | | | | | | | | | | | | | | | | | | |
| | | GP Share: 90.00% | | | | | | | | | | | | | | | | | | |
| | | LP Share: 10.00% | | | | | | | | | | | | | | | | | | |

| | Credit Period Year: | (1) | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|--|---------------------|--------|--------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
| LOSSES | | | | | | | | | | | | | | | | | | | | |
| Net Operating Income | | 0 | 0 | 307,181 | 463,390 | 465,858 | 468,168 | 470,309 | 472,272 | 474,045 | 475,619 | 476,981 | 478,121 | 479,026 | 479,684 | 480,080 | 480,203 | 480,037 | 479,568 | 478,780 |
| Total Deductions | | 0 | 0 | 2,141,332 | 1,600,698 | 1,595,303 | 2,193,199 | 2,197,139 | 2,201,050 | 2,208,928 | 2,208,768 | 2,212,567 | 2,159,143 | 2,103,614 | 2,107,258 | 2,110,838 | 2,114,351 | 2,117,788 | 2,116,677 | 2,114,217 |
| Total Taxable Income (Loss) | | 0 | 0 | (1,834,151) | (1,137,308) | (1,129,445) | (1,725,031) | (1,726,829) | (1,728,778) | (1,730,882) | (1,733,149) | (1,735,586) | (1,681,022) | (1,624,588) | (1,627,574) | (1,630,758) | (1,634,148) | (1,637,751) | (1,637,109) | (1,635,437) |
| Special Allocation of GP-Related Op Ex (see below) | | 0 | 0 | (280,136) | (432,811) | (445,795) | (459,169) | (472,944) | (487,132) | (501,746) | (516,799) | (532,303) | (548,272) | (564,720) | (581,662) | (599,111) | (617,085) | (635,597) | (654,665) | (674,305) |
| General Partner Share of Losses (pre-704(b)) | 0.01% | 0 | 0 | (280,292) | (432,881) | (445,863) | (459,296) | (473,089) | (487,257) | (501,869) | (516,920) | (532,423) | (548,385) | (564,826) | (582,983) | (599,593) | (617,441) | (635,936) | (654,865) | (674,324) |
| Limited Partner Share of Losses (pre-704(b)) | 99.99% | 0 | 0 | (1,553,859) | (704,427) | (683,581) | (1,265,735) | (1,253,760) | (1,241,521) | (1,229,013) | (1,216,229) | (1,203,163) | (1,132,637) | (1,059,762) | (104,591) | (103,165) | (101,706) | (100,215) | (98,244) | (96,113) |
| AFTER-TAX VALUE OF LOSSES | | | | | | | | | | | | | | | | | | | | |
| Allowable Losses (adj. for min. gain) | | 0 | 0 | (1,554,015) | (704,497) | (683,650) | (1,265,862) | (1,253,885) | (1,241,645) | (1,229,136) | (1,216,351) | (1,203,283) | (1,132,750) | (1,059,868) | (104,602) | (103,175) | (101,716) | (100,225) | 0 | 0 |
| After Tax Value of Losses | 21.0% | 0 | 0 | 326,343 | 147,944 | 143,566 | 265,831 | 263,316 | 260,746 | 258,119 | 255,434 | 252,689 | 237,878 | 222,572 | 21,966 | 21,667 | 21,360 | 21,047 | 0 | 0 |
| General Partner Share | 0.01% | 0 | 0 | 58,861 | 90,905 | 93,631 | 96,452 | 99,345 | 102,324 | 105,393 | 108,553 | 111,809 | 115,161 | 118,613 | 319,826 | 320,795 | 321,813 | 322,883 | 323,162 | 323,258 |
| Limited Partner Share | 99.99% | 0 | 0 | 326,310 | 147,930 | 143,552 | 265,804 | 263,290 | 260,719 | 258,093 | 255,408 | 252,664 | 237,854 | 222,550 | 2,197 | 2,167 | 2,136 | 2,105 | 0 | 0 |
| | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |
| TAX CREDITS | | | | | | | | | | | | | | | | | | | | |
| Fed Tax Credits-Rehab- Building A or Credit Year 1 | 100.0% | 0 | 0 | 942,511 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 670,796 | 0 | 0 | 0 | 0 | 0 |
| TOTAL TAX CREDITS | | | | | | | | | | | | | | | | | | | | |
| General Partner Share | 0.01% | 0 | 0 | 942,511 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 670,796 | 0 | 0 | 0 | 0 | 0 | 0 |
| Limited Partner Share | 99.99% | 0 | 0 | 94,161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 67 | 0 | 0 | 0 | 0 | 0 | 0 |
| (less) LP Capital Account Adjustment | | 0 | 0 | 942,417 | 1,613,146 | 1,613,146 | 1,613,146 | 1,613,146 | 1,613,146 | 1,613,146 | 1,613,146 | 1,613,146 | 1,613,146 | 670,729 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL AFTER-TAX BENEFITS | | | | | | | | | | | | | | | | | | | | |
| General Partner Share | 0.01% | 0 | 0 | 127 | 176 | 176 | 188 | 188 | 187 | 187 | 187 | 187 | 185 | 89 | 19,770 | 19,500 | 19,224 | 18,943 | 0 | 0 |
| Limited Partner Share | 99.99% | 0 | 0 | 1,268,727 | 1,761,075 | 1,756,698 | 1,878,950 | 1,876,435 | 1,873,865 | 1,871,238 | 1,868,554 | 1,865,810 | 1,850,999 | 893,279 | 2,197 | 2,167 | 2,136 | 2,105 | 0 | 0 |

| OPERATING EXPENSE REALLOCATIONS-GP-RELATED (Beginning at start of operations) | | | | | | | | | | | | | | | | | | | | |
|---|-----------------|----------|----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Base Year: 2020 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
| Administrative | 53,342 | 0 | 0 | 37,727 | 58,288 | 60,037 | 61,838 | 63,693 | 65,604 | 67,572 | 69,599 | 71,687 | 73,838 | 76,053 | 78,335 | 80,685 | 83,105 | 85,598 | 88,166 | 90,811 |
| Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Utilities | 150,546 | 0 | 0 | 106,476 | 164,506 | 169,441 | 174,524 | 179,760 | 185,153 | 190,707 | 196,428 | 202,321 | 208,391 | 214,643 | 221,082 | 227,714 | 234,546 | 241,582 | 248,830 | 256,294 |
| Payroll/Payroll Taxes | 145,791 | 0 | 0 | 103,113 | 159,310 | 164,089 | 169,012 | 174,082 | 179,305 | 184,684 | 190,224 | 195,931 | 201,809 | 207,863 | 214,099 | 220,522 | 227,138 | 233,952 | 240,970 | 248,199 |
| Taxes & Insurance | 55,500 | 0 | 0 | 39,253 | 60,646 | 62,466 | 64,340 | 66,270 | 68,258 | 70,306 | 72,415 | 74,587 | 76,825 | 79,130 | 81,504 | 83,949 | 86,467 | 89,061 | 91,733 | 94,485 |
| Maintenance | 89,925 | 0 | 0 | 63,601 | 98,263 | 101,211 | 104,248 | 107,375 | 110,596 | 113,914 | 117,332 | 120,852 | 124,477 | 128,212 | 132,058 | 136,020 | 140,100 | 144,303 | 148,632 | 153,091 |
| Other: | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Resident Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 495,104 | 0 | 0 | 350,171 | 541,014 | 557,244 | 573,961 | 591,180 | 608,915 | 627,183 | 645,995 | 665,378 | 685,340 | 705,900 | 727,077 | 748,889 | 771,356 | 794,497 | 818,331 | 842,881 |
| GP RELATED LOAN INTEREST | | | | | | | | | | | | | | | | | | | | |
| Percent Reallocated to GP | 80.0% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENSE REALLOCATION TO GP | | | | | | | | | | | | | | | | | | | | |
| | | 0 | 0 | 280,136 | 432,811 | 445,795 | 459,169 | 472,944 | 487,132 | 501,746 | 516,799 | 532,303 | 548,272 | 564,720 | 581,662 | 599,111 | 617,085 | 635,597 | 654,665 | 674,305 |

Capital Account Analysis and Tax Liability - Sale Price Equals Debt

Version: v5.4 Closing

| LIMITED PARTNER | Credit Period Year: | | | | | | | | | | | | | | | | | | |
|--|---------------------|-------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|------------|
| | (1) 2020 | 0 2021 | 1 2022 | 2 2023 | 3 2024 | 4 2025 | 5 2026 | 6 2027 | 7 2028 | 8 2029 | 9 2030 | 10 2031 | 11 2032 | 12 2033 | 13 2034 | 14 2035 | 15 2036 | 16 2037 | 17 2038 |
| MINIMUM GAIN ANALYSIS | | | | | | | | | | | | | | | | | | | |
| Adjusted Basis | 48,112,951 | 48,112,951 | 47,236,657 | 45,778,789 | 44,320,921 | 42,863,053 | 41,405,184 | 39,947,316 | 38,489,448 | 37,031,580 | 35,573,712 | 34,117,020 | 32,830,707 | 31,488,395 | 30,146,082 | 28,803,769 | 27,461,457 | 26,119,144 | 24,776,832 |
| Deed-Secured Cash Reserves | 48,960 | 49,939 | 89,338 | 148,725 | 209,299 | 271,085 | 334,107 | 398,389 | 463,957 | 530,836 | 599,053 | 668,634 | 739,606 | 811,999 | 885,839 | 961,155 | 1,037,978 | 1,116,338 | 1,196,265 |
| Total Adjusted Basis plus Cash | 48,161,911 | 48,162,890 | 47,325,995 | 45,927,514 | 44,530,220 | 43,134,138 | 41,739,291 | 40,345,705 | 38,953,405 | 37,562,416 | 36,172,765 | 34,841,653 | 33,570,314 | 32,300,393 | 31,031,921 | 29,764,925 | 28,499,435 | 27,235,482 | 25,973,096 |
| Outstanding Nonrecourse Debt | 12,656,397 | 12,884,521 | 35,793,413 | 35,559,609 | 35,320,179 | 35,678,406 | 36,040,327 | 36,405,905 | 36,775,101 | 37,147,869 | 37,524,159 | 37,903,916 | 38,287,080 | 38,673,585 | 39,063,359 | 39,456,324 | 39,852,397 | 40,251,486 | 40,919,944 |
| Minimum Gain - Partnership | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,351,394 | 3,062,262 | 4,716,766 | 6,373,192 | 8,031,438 | 9,691,400 | 11,352,962 | 13,016,004 | 14,946,848 |
| LIMITED PARTNER 704(B) CAPITAL ANALYSIS | | | | | | | | | | | | | | | | | | | |
| Beginning LP 704(b) Capital (LP Cap. Acct. + LP Min. Gain) | 0 | 1,484,094 | 1,484,094 | 13,016,613 | 12,412,187 | 11,728,606 | 10,462,871 | 9,209,111 | 7,967,590 | 6,738,576 | 6,873,606 | 7,381,141 | 7,902,842 | 2,764,105 | 2,825,338 | 2,888,169 | 2,952,619 | 3,018,708 | 3,211,793 |
| LP Capital Contributions | 1,484,094 | 0 | 13,256,846 | 100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (less) LP Cash Flow Distributions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LP 704(b) Capital Available for Losses | 1,484,094 | 1,484,094 | 14,740,940 | 13,116,613 | 12,412,187 | 11,728,606 | 10,462,871 | 9,209,111 | 7,967,590 | 6,738,576 | 6,873,606 | 7,381,141 | 7,902,842 | 2,764,105 | 2,825,338 | 2,888,169 | 2,952,619 | 3,018,708 | 3,211,793 |
| LIMITED PARTNER LOSS ANALYSIS | | | | | | | | | | | | | | | | | | | |
| LP Share of Losses per LPA | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |
| Annual Potential Losses Allocated to LP | 0 | 0 | (1,553,859) | (704,427) | (683,581) | (1,265,735) | (1,253,760) | (1,241,521) | (1,229,013) | (1,216,229) | (1,203,163) | (1,132,637) | (1,059,762) | (104,591) | (103,165) | (101,706) | (100,215) | (98,244) | (96,113) |
| (less) Related Party Losses Reallocated to GP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Adjusted Potential LP Losses | 0 | 0 | (1,553,859) | (704,427) | (683,581) | (1,265,735) | (1,253,760) | (1,241,521) | (1,229,013) | (1,216,229) | (1,203,163) | (1,132,637) | (1,059,762) | (104,591) | (103,165) | (101,706) | (100,215) | (98,244) | (96,113) |
| Losses Allowable to Extent of LP 704(b) Capital | (1,484,094) | (1,484,094) | (14,740,940) | (13,116,613) | (12,412,187) | (11,728,606) | (10,462,871) | (9,209,111) | (7,967,590) | (6,738,576) | (6,873,606) | (7,381,141) | (7,902,842) | (104,591) | (103,165) | (101,706) | (100,215) | (98,244) | (96,113) |
| Actual Losses Allocated to LP | 0 | 0 | (1,553,859) | (704,427) | (683,581) | (1,265,735) | (1,253,760) | (1,241,521) | (1,229,013) | (1,216,229) | (1,203,163) | (1,132,637) | (1,059,762) | (104,591) | (103,165) | (101,706) | (100,215) | 0 | 0 |
| LP DRO? | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| LIMITED PARTNER CREDIT DELIVERY ANALYSIS | | | | | | | | | | | | | | | | | | | |
| LP 704(b) Capital Available for Losses | 1,484,094 | 1,484,094 | 14,740,940 | 13,116,613 | 12,412,187 | 11,728,606 | 10,462,871 | 9,209,111 | 7,967,590 | 6,738,576 | 6,873,606 | 7,381,141 | 7,902,842 | 2,764,105 | 2,825,338 | 2,888,169 | 2,952,619 | 3,018,708 | 3,211,793 |
| LP Share of Depreciation per LPA | 0 | 0 | 876,206 | 1,457,722 | 1,457,722 | 1,457,722 | 1,457,722 | 1,457,722 | 1,457,722 | 1,457,722 | 1,457,722 | 1,400,552 | 1,342,178 | 134,231 | 134,231 | 134,231 | 134,231 | 134,231 | 134,231 |
| Reduction in LP LIHTC due to 704(b) Capital Shortfall | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| LIMITED PARTNER CAPITAL ACCOUNT | | | | | | | | | | | | | | | | | | | |
| Beginning Capital Account Balance | 0 | 1,484,094 | 1,484,094 | 13,016,613 | 12,412,187 | 11,728,606 | 10,462,871 | 9,209,111 | 7,967,590 | 6,738,576 | 5,522,347 | 4,319,185 | 3,186,547 | 2,126,785 | 2,022,194 | 1,919,029 | 1,817,323 | 1,717,108 | 1,717,108 |
| LP Capital Contributions | 1,484,094 | 0 | 13,256,846 | 100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (less) Syndication Expenses | 0 | 0 | -170,467 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (less) LP Cash Flow Distributions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (less) Losses Allocated to LP | 0 | 0 | -1,553,859 | -704,427 | -683,581 | -1,265,735 | -1,253,760 | -1,241,521 | -1,229,013 | -1,216,229 | -1,203,163 | -1,132,637 | -1,059,762 | -104,591 | -103,165 | -101,706 | -100,215 | 0 | 0 |
| End of Year Capital Account Balance | 1,484,094 | 1,484,094 | 13,016,613 | 12,412,187 | 11,728,606 | 10,462,871 | 9,209,111 | 7,967,590 | 6,738,576 | 5,522,347 | 4,319,185 | 3,186,547 | 2,126,785 | 2,022,194 | 1,919,029 | 1,817,323 | 1,717,108 | 1,717,108 | 1,717,108 |
| LIMITED PARTNER EXIT BENEFIT/LIABILITY ANALYSIS | | | | | | | | | | | | | | | | | | | |
| Marginal Tax Rate | 21.00% | | | | | | | | | | | | | | | | | | |
| End of Year Capital Account Balance | 1,484,094 | 1,484,094 | 13,016,613 | 12,412,187 | 11,728,606 | 10,462,871 | 9,209,111 | 7,967,590 | 6,738,576 | 5,522,347 | 4,319,185 | 3,186,547 | 2,126,785 | 2,022,194 | 1,919,029 | 1,817,323 | 1,717,108 | 1,717,108 | 1,717,108 |
| (plus) Syndication Expenses | 0 | 0 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 |
| Tax Benefit/(Liability) on Sale @ \$1 | 311,660 | 311,660 | 2,769,287 | 2,642,357 | 2,498,805 | 2,233,001 | 1,969,711 | 1,708,992 | 1,450,899 | 1,195,491 | 942,827 | 704,973 | 482,423 | 460,459 | 438,794 | 417,436 | 396,391 | 396,391 | 396,391 |
| Gross-Up Factor for Taxes on Gain due to Tax Payment | 79.00% | | | | | | | | | | | | | | | | | | |
| Total GP Obligation on Sale: LP Tax Liability + Gross-Up | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| GENERAL PARTNER | Credit Period Year: | | | | | | | | | | | | | | | | | | |
|--|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| | (1) 2020 | 0 2021 | 1 2022 | 2 2023 | 3 2024 | 4 2025 | 5 2026 | 6 2027 | 7 2028 | 8 2029 | 9 2030 | 10 2031 | 11 2032 | 12 2033 | 13 2034 | 14 2035 | 15 2036 | 16 2037 | 17 2038 |
| Minimum Gain - Partnership | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,351,394 | 3,062,262 | 4,716,766 | 6,373,192 | 8,031,438 | 9,691,400 | 11,352,962 | 13,016,004 | 14,946,848 |
| Partnership Minimum Gain - GP Share | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 135 | 306 | 472 | 5,735,872 | 7,228,294 | 8,722,260 | 10,217,666 | 11,714,404 | 13,452,163 |
| Minimum Gain - Partner (GP) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CAPITAL ACCOUNT | | | | | | | | | | | | | | | | | | | |
| Beg. of Yr Capital Account Balance | 0 | 1,308,197 | 1,308,197 | 1,027,905 | 595,024 | 149,160 | (310,136) | (783,205) | (1,270,462) | (1,772,331) | (2,289,251) | (2,821,674) | (3,370,059) | (3,934,885) | (5,457,868) | (6,985,461) | (8,517,902) | (10,055,438) | (11,594,303) |
| Capital Contributions | 1,308,197 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Annual Losses @ .01% | 0 | 0 | (280,292) | (432,881) | (445,863) | (459,296) | (473,069) | (487,257) | (501,869) | (516,920) | (532,423) | (548,385) | (564,826) | (1,522,983) | (1,527,593) | (1,532,441) | (1,537,536) | (1,538,865) | (1,539,324) |
| LP Losses Re-allocated to GP (Related Party) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LP Losses Re-allocated to GP (Capital Account Shortfall) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash Flow | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| End of Year Capital Account | 1,308,197 | 1,308,197 | 1,027,905 | 595,024 | 149,160 | (310,136) | (783,205) | (1,270,462) | (1,772,331) | (2,289,251) | (2,821,674) | (3,370,059) | (3,934,885) | (5,457,868) | (6,985,461) | (8,517,902) | (10,055,438) | (11,594,303) | (13,133,627) |

Investment Summary - LIHTC Investor Version: v5.4 Closing

| Assumptions | | | | | | | | | | |
|-------------------|-------------------------|---------------------------|-----------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------------|----------------------------|---|-------------|
| Marginal Tax Rate | 21.0% | | | | | | | | | |
| YEAR | LIMITED PARTNER PAY-INS | AFTER-TAX VALUE OF LOSSES | TOTAL LTD PTR FEDERAL LIHTC | TOTAL LTD PTR CALIFORNIA LIHTC | TOTAL LTD PTR ENERGY CREDITS | TOTAL LTD PTR HISTORIC CREDITS | TAX BENEFIT/ (LIABILITY) UPON SALE | TOTAL LTD PTR TAX BENEFITS | CUMULATIVE RATIO OF BENEFITS TO LTD PTR PAY-INS | Credit Year |
| 2020 | 1,484,094 | 0 | 0 | 0 | 0 | 0 | | 0 | 0.00 | (1) |
| 2021 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0.00 | 0 |
| 2022 | 13,256,846 | 326,310 | 942,417 | 0 | 0 | 0 | | 1,268,727 | 0.09 | 1 |
| 2023 | 100,000 | 147,930 | 1,613,146 | 0 | 0 | 0 | | 1,761,075 | 0.20 | 2 |
| 2024 | 0 | 143,552 | 1,613,146 | 0 | 0 | 0 | | 1,756,698 | 0.32 | 3 |
| 2025 | | 265,804 | 1,613,146 | 0 | 0 | 0 | | 1,878,950 | 0.45 | 4 |
| 2026 | | 263,290 | 1,613,146 | 0 | 0 | 0 | | 1,876,435 | 0.58 | 5 |
| 2027 | | 260,719 | 1,613,146 | 0 | 0 | 0 | | 1,873,865 | 0.70 | 6 |
| 2028 | | 258,093 | 1,613,146 | | | | | 1,871,238 | 0.83 | 7 |
| 2029 | | 255,408 | 1,613,146 | | | | | 1,868,554 | 0.95 | 8 |
| 2030 | | 252,664 | 1,613,146 | | | | | 1,865,810 | 1.08 | 9 |
| 2031 | | 237,854 | 1,613,146 | | | | | 1,850,999 | 1.20 | 10 |
| 2032 | | 222,550 | 670,729 | | | | | 893,279 | 1.26 | 11 |
| 2033 | | 2,197 | 0 | | | | | 2,197 | 1.26 | 12 |
| 2034 | | 2,167 | 0 | | | | 0 | 2,167 | 1.26 | 13 |
| 2035 | | 2,136 | 0 | | | | 0 | 2,136 | 1.26 | 14 |
| 2036 | | 2,105 | 0 | | | | 0 | 2,105 | 1.27 | 15 |
| 2037 | | 0 | 0 | | | | 396,391 | 396,391 | 1.29 | 16 |
| 2038 | | 0 | 0 | | | | 0 | 0 | 1.29 | 17 |
| TOTAL | 14,840,940 | 2,642,778 | 16,131,456 | 0 | 0 | 0 | | 19,170,625 | | |

| | |
|---------------------------------------|-----------------------|
| Net Quarterly Benefit Schedule | Version: v5.4 Closing |
|---------------------------------------|-----------------------|

| LP EQUITY PAY-IN SCHEDULE | | | |
|-------------------------------|-------------------|----------|-------------------|
| | AMOUNT | DATE | THRESHOLD |
| LP Admission (Const. Portion) | 1,484,094 | 10/01/20 | Initial Closing |
| LP Admission (Collateral) | 0 | 10/01/20 | Initial Closing |
| Completion Payment | 1,484,094 | 05/01/22 | Const. Completion |
| Conversion Payment | 11,772,752 | 12/01/22 | Perm Conversion |
| Final Payment #1 | 100,000 | 03/01/23 | 8609 |
| Final Payment #2 | 0 | | |
| TOTAL LP CONTRIBUTIONS | 14,840,940 | | |

| NET QUARTERLY BENEFITS | | | | |
|--------------------------|-------------------|-----------------------|---------------------|--------------|
| Internal Rate of Return: | | 5.23% | | |
| YEAR | INVESTMENT | TOTAL QUART. BENEFITS | NET QUART. BENEFITS | THRESHOLD |
| 2020 | 0 | 0 | 0 | |
| | 0 | 0 | 0 | |
| | 0 | 0 | 0 | |
| | -1,484,094 | 0 | -1,484,094 | LP Admission |
| 2021 | 0 | 0 | 0 | |
| | 0 | 0 | 0 | |
| | 0 | 0 | 0 | |
| | 0 | 0 | 0 | |
| 2022 | 0 | 0 | 0 | |
| | 0 | 0 | 0 | |
| | -1,484,094 | 422,909 | -1,061,185 | Completion |
| | 0 | 422,909 | 422,909 | |
| | -11,772,752 | 422,909 | -11,349,843 | |
| | -100,000 | 440,269 | 340,269 | |
| 2023 | 0 | 440,269 | 440,269 | |
| | 0 | 440,269 | 440,269 | |
| | 0 | 440,269 | 440,269 | |
| | 0 | 440,269 | 440,269 | |
| 2024 | 0 | 439,174 | 439,174 | |
| | 0 | 439,174 | 439,174 | |
| | 0 | 439,174 | 439,174 | |
| 2025 | 0 | 469,738 | 469,738 | |
| | 0 | 469,738 | 469,738 | |
| | 0 | 469,738 | 469,738 | |
| 2026 | 0 | 469,109 | 469,109 | |
| | 0 | 469,109 | 469,109 | |
| | 0 | 469,109 | 469,109 | |
| 2027 | 0 | 468,466 | 468,466 | |
| | 0 | 468,466 | 468,466 | |
| | 0 | 468,466 | 468,466 | |
| 2028 | 0 | 468,466 | 468,466 | |
| | 0 | 467,810 | 467,810 | |
| | 0 | 467,810 | 467,810 | |
| 2029 | 0 | 467,810 | 467,810 | |
| | 0 | 467,138 | 467,138 | |
| | 0 | 467,138 | 467,138 | |
| 2030 | 0 | 467,138 | 467,138 | |
| | 0 | 466,452 | 466,452 | |
| | 0 | 466,452 | 466,452 | |
| 2031 | 0 | 466,452 | 466,452 | |
| | 0 | 462,750 | 462,750 | |
| | 0 | 462,750 | 462,750 | |
| 2032 | 0 | 462,750 | 462,750 | |
| | 0 | 223,320 | 223,320 | |
| | 0 | 223,320 | 223,320 | |
| 2033 | 0 | 223,320 | 223,320 | |
| | 0 | 549 | 549 | |
| | 0 | 549 | 549 | |
| 2034 | 0 | 549 | 549 | |
| | 0 | 542 | 542 | |
| | 0 | 542 | 542 | |
| 2035 | 0 | 542 | 542 | |
| | 0 | 534 | 534 | |
| | 0 | 534 | 534 | |
| 2036 | 0 | 534 | 534 | |
| | 0 | 526 | 526 | |
| | 0 | 526 | 526 | |
| 2037 | 0 | 526 | 526 | |
| | 0 | 526 | 526 | |
| | 0 | 396,391 | 396,391 | |
| 2038 | 0 | 0 | 0 | |
| | 0 | 0 | 0 | |
| | 0 | 0 | 0 | |
| | 0 | 0 | 0 | |
| | 0 | 0 | 0 | |
| TOTAL | 14,840,940 | 19,170,625 | 4,329,686 | |

**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 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 issuer (Housing Authority) adopts an "Inducement Resolution" to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with the financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, Housing Authority, or the developer to proceed with the financing.
- **TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982):** To assure that projects making use of tax-exempt financing meet appropriate governmental purposes and provide reasonable public benefits, the IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located (City Council). This process does not make the City financially or legally liable for the bonds or for the project.

[Note: Members of the City Council may be asked to take two actions at this stage in the bond process---one in their capacity as the City Council (TEFRA hearing and resolution) and another as the Housing Authority (bond inducement). Were the issuer (Housing Authority) a more remote entity, the TEFRA hearing and resolution would be the only opportunity for local elected officials to weigh in on the project.]

- **Application for Bond Allocation:** The issuance of these "private activity bonds" (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Authority and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.
- **Final Bond Approval:** The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.

- **Funding and Bond Administration:** All monies are held and accounted for by a third-party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders, if rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds.
- **Bond Disclosure:** The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible in any way for bond repayment, there are no financial statements or summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on behalf of the Housing Authority to issue the bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.

September 02, 2020

ATTACHMENT 6 – FINANCIAL ADVISOR’S ANALYSIS

Mr. Joe Correia
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, California 92101

RE: Ulric Street Apartments

Dear Mr. Correia:

The San Diego Housing Commission (the "Commission") has retained CSG Advisors, Inc. to analyze the feasibility of the proposed tax-exempt financing for the Ulric Street Apartments (the "Project"). Our findings are organized as follows:

- Current Project Status and the Proposed Project
- The Proposed Financing
- Project’s Projected Financial Status
- Benefits and Risks to the Commission
- Public Purpose
- Negotiation of Additional Public Benefit
- Recommendations

We have based our analysis of the proposed financing on documents provided by the Community Housing Works (the "Developer"), and on additional conversations and documents provided by representatives of the Developer and Commission staff. The documents examined included the Developer’s proposed financial schedules and financing commitments from the proposed lender and investor. CSG has not visited the site of the proposed Project.

CURRENT PROJECT STATUS AND THE PROPOSED DEVELOPMENT

The Project will consist of a 96-unit development (the "Development") to be newly-constructed at 2645-2685 Ulric Street, San Diego, 92111 (the "Site"). The acquisition of the Site and construction of the Development would be financed, from among other sources, equity raised from the sale of 4% low-income housing tax credits and tax-exempt debt issued by the Housing Authority of the City of San Diego (the "Housing Authority"). 95 units (i.e., excluding one manager’s units) will be subject to affordability restrictions as further described herein.

The Site is a single parcel of approximately 1.47 acres. 20 market rate rental units are currently on the Site. These units will be demolished and the existing residents relocated according to the "Ulric Street North San Diego Update Relocation Plan" dated May 2020. The Site is currently owned by CHW Ulric Street Development, L.P., a entity controlled by the Developer.

On June 25, 2019, the Housing Authority approved a resolution evidencing its official intent to conduct a tax-exempt issuance in the not-to-exceed amount of \$32,750,000 for the Project. The resolution also approved submittal of the application to the California Debt Limit Allocation Committee (“CDLAC”) for an allocation of private activity tax-exempt authority for the Project.

On June 25, 2019, the City Council held a public hearing (“TEFRA”) required pursuant to Section 147(f) of the Internal Revenue Code for tax-exempt issuances. The City Council approved the resulting approving resolution on July 08, 2019. Because the TEFRA hearing remains valid for a period of only one year, the original TEFRA has expired: a new TEFRA hearing will be held on September 29, 2020; and the City Council will consider approval of the Resolution at its September 29, 2020 meeting.

On January 17, 2020, the Housing Authority submitted an application to CDLAC for \$28,930,321 in private activity tax-exempt issuance authority for the Project.

On April 14, 2020, CDLAC awarded \$28,930,321 in private activity tax-exempt allocation to the Housing Authority for the Project.

THE PROPOSED FINANCING

The Developer proposes that the Housing Authority issue up to \$28,930,321 in “Tax-Exempt Bonds” and up to \$6,000,000 in “Taxable Bonds” (together, the “Bonds”) for the Project. The Bonds would be issued pursuant to an Indenture and Loan Agreement.

The Developer proposes, pursuant an Expression of Interest from U.S. Bank, that the Bonds would be purchased on a private-placement basis by US Bank. Construction draws of tax-exempt and taxable bond proceeds would be funded on and as-needed “draw-down” basis.

US Bank would remain the permanent lender for the Project upon stabilization and conversion to permanent financing.

According to projections provided by the Developer, the total development cost (“TDC”) totals approximately \$53,423,750.

Ulric Street Apartments: Source Summary¹

| | <u>Construction</u> | <u>Permanent</u> |
|---|---------------------|------------------|
| Tax-Exempt Bonds | 28,930,321 | 3,052,000 |
| Taxable Bonds | 4,980,700 | 0 |
| Tax Credit Equity | 2,968,190 | 14,840,900 |
| HCD MHP | 0 | 18,222,571 |
| San Diego Housing Commission | 6,300,000 | 7,000,000 |
| San Diego County IHTF Loan | 6,300,000 | 7,000,000 |
| Deferred Developer Fee | 1,500,000 | 1,500,000 |
| General Partner Equity | 100 | 100 |
| Developer Equity | 0 | 1,308,100 |
| Accrued Soft Loan Interest ² | <u>500,100</u> | <u>500,100</u> |
| Total Sources | 51,479,411 | 53,423,771 |

Ulric Street Apartments: Use Summary³

| | <u>Construction</u> | <u>Permanent</u> |
|--|---------------------|------------------|
| Land and Acquisition Costs | 7,700,000 | 7,700,000 |
| Construction Costs | 27,322,290 | 27,322,290 |
| Construction Contingency | 2,020,740 | 2,020,740 |
| Developer Fee | 3,500,000 | 4,808,100 |
| Operating Reserve | 0 | 342,400 |
| Initial Replacement Reserve Deposit | 0 | 48,000 |
| Other Reserves (Lease-up) | 0 | 150,000 |
| Capitalized Construction Loan Interest | 1,141,820 | 1,141,820 |
| Other Hard and Soft Costs | 9,794,500 | 9,890,400 |
| Total Uses | 51,479,350 | 53,423,750 |

Ownership

The Project will be owned by Ulric Street Housing Associates, L.P. (the “Borrower”). The Borrower will consist of Ulric Street Housing Opportunities L.L.C., (USHO) as its Managing General Partner (with the nonprofit Community Housing Works as the USHO L.L.C.’s sole member). Red Stone Equity Partners L.L.C. will be the tax credit investor limited partner.

Tax-Exempt Bond Structure and Credit Enhancement

Construction Loan

The Developer proposes that the Housing Authority issue Tax-Exempt Bonds in the maximum amount of \$28,930,321, and Taxable Bonds in the maximum amount of \$6,000,000 in order to finance the acquisition and construction of the Project. Solely revenues pledged under the

¹ Source: Developer projections and U.S. Bank schedules. Rounding by CSG. Total of Uses and Sources may not equal due to rounding.

² Note that Developer’s projections do not properly account for \$21,600 of accrual deferred to after completion.

³ Source: Developer projections and U.S. Bank schedules. Rounding by CSG. Total of Uses and Sources may not equal due to rounding.

Indenture and Loan Agreement will secure the payment of principal and interest to the bondholder.

The Bonds would be unrated, without credit enhancement, and would be purchased by US Bank on a on a private placement basis. The Bonds would be funded on a draw-down basis through the construction period. Upon stabilization and conversion, all outstanding Taxable bonds and a portion the Tax-Exempt Bonds would be redeemed with tax credit equity and other sources available at conversion.

As unrated, non-credit enhanced Bonds sold on a private placement basis, the Bonds must meet the minimum requirements of the Commission's policies for such issues (e.g., maximum \$100,000 minimum denominations, no more than 15 Bondholders, etc).

The construction period would be 24 months. The U.S. Bank commitment indicates an initial construction period interest rate of 3.10% (including 0.25% cushion) for the U.S. Bank taxable and tax-exempt bond loan. However, the interest rate during the construction period will be variable, set monthly at an annual rate equal to 1.85% plus 1.00% LIBOR floor rate. Payments during the construction period would be interest-only.

Permanent Loan

Upon satisfaction of certain conditions precedent to conversion to the permanent financing period, a portion of the Tax-Exempt Bonds and all of the Taxable Bonds will be redeemed. The remaining outstanding Tax-Exempt Bond will convert to a permanent loan.

According to the US Bank Expression of Interest, the permanent loan would have a term of 15 years and an amortization period of 15 years. The permanent loan will bear a fixed rate of interest. US Bank has provided an indicative rate of 3.52% as of May 28, 2020.

Projected Issuance Date

The Developer proposes that the Housing Authority issue the Bonds on or about October 12, 2020. The Authority received an allocation of \$28,930,321 from CDLAC at its April 14, 2020 allocation meeting date. The allocation expiration date provided by CDLAC is October 27, 2020.

Commission Financial Involvement

The Commission will provide a subordinate construction loan in the amount of \$7,000,000. The Commission's loan will be funded by \$1,500,000 in HOME funds and \$5,500,000 from the Affordable Housing Fund (Inclusionary Affordable Housing Funds and Housing Impact Fees). The Commission's loan will mature 55-years from the completion of the project, and will accrue simple interest at the rate of 3% per annum.

Affordability Restrictions

Upon implementing the proposed financing, the Project will be subject to the following regulatory restrictions and regulatory terms:

| Source of Restriction | Restriction | Expiration Date |
|--|---|-----------------|
| California Tax Credit Allocation Committee | 54 units at 30% AMI 22 units at 40% AMI 8 units at 50% AMI 11 units at 60% AMI | 55 years |
| Tax-Exempt Bond (CDLAC) | 84 units at 50% AMI; 11 units at 60% AMI | 55 years |
| San Diego Housing Commission | 54 units at 30% AMI 22 units at 40% AMI 8 units at 50% AMI 11 units at 60% AMI | 55 years |
| County of San Diego | 19 units at 30% AMI 38 units at 50% AMI 38 units at 60% AMI | 99 years |

Because the above restrictions are over-lapping, the most restrictive restrictions will apply.

PROJECT'S PROJECTED FINANCIAL STATUS

Under the proposed financing – according to information provided by the Developer and analysis by CSG – annual debt service on the proposed senior permanent loan of \$3,052,000 would total approximately \$262,178. According to preliminary information provided by the Developer and analysis by CSG, stabilized annual cash flow (before reserves) after construction and lease-up (including Issuer fees) would total approximately \$103,529 at a debt coverage ratio (DCR) of 1.39. Cash flow after reserves would total approximately \$55,529 at a DCR of 1.21. The U.S. Bank debt coverage minimum is 1.15.

Please note that the US Bank Expression Interest indicates a maximum loan amount of \$2,864,000, while the Developer's projections provide for \$3,052,000. The Developer and US Bank must reconcile the maximum loan amount.

THE BENEFITS AND RISKS TO THE COMMISSION

The proposed financing provides for financing for the acquisition and construction of the Project. By approving a recommendation to the Housing Authority to move forward with the approval process for the proposed tax-exempt Bond financing, the Commission will not obligate the Commission or the Housing Authority to issue the Bonds.

As proposed, the financing will create 95 affordable units in the City of San Diego. These units will remain long-term affordable for 55 years under the Commission's restrictions.

If the Authority issues the Bonds, the Commission would receive a fee at closing of 0.25% of the issue amount (approximately \$84,778) and an annual fee equal to the greater of \$10,000 and 0.125% of the outstanding Bonds.

PUBLIC PURPOSE

The proposed financing will result in the creation of 95 affordable family housing units in the City of San Diego. The proposed financing will result in new CDLAC, CTCAC and Commission regulatory restrictions as follows (most restrictive) for 55 years:

- 54 units at 30% AMI
- 22 units at 40% AMI
- 8 units at 50% AMI
- 11 units at 60% AMI

In addition, the County of San Diego loan will require the following restrictions for a period of 99 years:

- 19 units at 30% AMI
- 38 units at 50% AMI
- 38 units at 60% AMI

NEGOTIATION OF ADDITIONAL PUBLIC BENEFIT

As noted above, the financing will result in long-term affordability restrictions on 95 units within the Project.

RECOMMENDATIONS

Based upon analysis of the available information, we recommend that the Commission approve moving forward with the proposed issuance. Our recommendation is based upon the following:

- The financing will create 95 affordable family units in the City of San Diego with long-term affordability covenants.

- The Commission has received tax-exempt authority of \$28,930,321 from CDLAC for the Project.
- U.S. Bank and Redstone are currently underwriting the Project.
- The Commission will not be responsible for costs of issuance. The Commission will receive an issuance fee at closing of approximately \$84,778, and a long-term annual fee equal to the greater of \$10,000 and 0.125% the outstanding Notes.
- The net Tax-Exempt Bond financing and tax credit equity will provide approximately \$17,892,900 for development costs.

Contingent Items

The Commission may choose to move forward with the financing subject to the following contingencies:

- The Projects financial underwriting must be consistent among the Borrower and U.S. Bank.
- As of this writing, U.S. Bank nor Redstone have provided final credit approval for the financing. The Bonds cannot be issued without these final approvals.
- Final Bonds documents and approving resolution must be approved by the Housing Authority.

Should you require any further information or would like to discuss the Project or the proposed financing in additional detail, please do not hesitate to contact me.

Sincerely,
CSG Advisors



John Hamilton

Exhibit A

Ulric Street Apartments

date of rev: 9/2/20

Long-Term Tax-Exempt Loan

| | <u>Tranche A</u> | <u>Tranche B</u> | <u>Total</u> |
|--------------------------------------|------------------|------------------|--------------|
| Principal Amount ¹ | \$ 3,052,000 | \$ - | \$ 3,052,000 |
| Mortgage Rate ² | 3.520% | 0.000% | |
| Amortization Term (yrs) ¹ | 15 | 0 | |
| Underwriting Monthly Debt Service | \$ 21,848 | \$ - | \$ 21,848 |
| Underwriting Annual Debt Service | \$ 262,178 | \$ - | \$ 262,178 |

¹ Source: Developer pro forma 8/11/20. The US Bank Expression of Interest (5/28/20) shows maximum loan of \$2,864,000

² Developer pro forma uses 3.52% interest rate. The US Bank Expression of Interest provided a rate indication of 3.52% applicable to the 5/28/20.

Post Financing Operations Analysis ¹

| Income | | | Stabilized Year | | | | |
|---|-----------------|--------------|-----------------|--------------|--------------|--------------|--------------|
| | | | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> | <u>5</u> |
| Gross Tax Credit Rental Income ² | 2.50% Inflation | \$ | 1,142,328 | \$ 1,170,886 | \$ 1,200,158 | \$ 1,230,162 | \$ 1,260,916 |
| Commercial Income | 2.50% Inflation | \$ | - | \$ - | \$ - | \$ - | \$ - |
| Manager's Unit | 2.50% Inflation | \$ | - | \$ - | \$ - | \$ - | \$ - |
| Other Income | 2.50% Inflation | \$ | 9,216 | \$ 9,446 | \$ 9,683 | \$ 9,925 | \$ 10,173 |
| Gross Potential Income | | \$ | 1,151,544 | \$ 1,180,333 | \$ 1,209,841 | \$ 1,240,087 | \$ 1,271,089 |
| Vacancy Collection Loss ³ | 5.00% | | (57,577) | (59,017) | (60,492) | (62,004) | (63,554) |
| Effective Gross Income | | \$ | 1,093,967 | \$ 1,121,316 | \$ 1,149,349 | \$ 1,178,083 | \$ 1,207,535 |
| Expenses | | | | | | | |
| Operating Expenses | 3.50% Inflation | \$ | (575,725) | \$ (595,875) | \$ (616,731) | \$ (638,317) | \$ (660,658) |
| RE Taxes | 2.00% Inflation | \$ | (3,000) | \$ (3,060) | \$ (3,121) | \$ (3,184) | \$ (3,247) |
| Service Coordinator | 0.00% Inflation | \$ | (61,750) | \$ (61,750) | \$ (61,750) | \$ (61,750) | \$ (61,750) |
| HCD (MHP) Minimum Loan Payment | 0.42% MHP Loan | \$ | (76,535) | \$ (76,535) | \$ (76,535) | \$ (76,535) | \$ (76,535) |
| Issuer Fee | \$ 10,000 min | 0.125% | \$ (10,000) | \$ (10,000) | \$ (10,000) | \$ (10,000) | \$ (10,000) |
| Trustee Fee ⁴ | \$ 1,250 min | 0.004% | \$ (1,250) | \$ (1,250) | \$ (1,250) | \$ (1,250) | \$ (1,250) |
| Total Expenses | | \$ | (728,260) | \$ (748,470) | \$ (769,387) | \$ (791,035) | \$ (813,440) |
| Net Operating Income | | \$ | 365,707 | \$ 372,846 | \$ 379,962 | \$ 387,048 | \$ 394,095 |
| Required Debt Service | | | | | | | |
| Senior | | | | | | | |
| Real Estate Loan | | \$ | (262,178) | \$ (262,178) | \$ (262,178) | \$ (262,178) | \$ (262,178) |
| Cash Flow before Reserves | | \$ | 103,529 | \$ 110,667 | \$ 117,783 | \$ 124,869 | \$ 131,916 |
| Debt Coverage Ratio Before Reserves | | | 1.39 | 1.42 | 1.45 | 1.48 | 1.50 |
| Reserves ⁵ | 500 per unit | 0% Inflation | \$ | (48,000) | \$ (48,000) | \$ (48,000) | \$ (48,000) |
| Cash Flow After Reserves | | \$ | 55,529 | \$ 62,667 | \$ 69,783 | \$ 76,869 | \$ 83,916 |
| Overall Debt Coverage Ratio (DCR) | | | 1.21 | 1.24 | 1.27 | 1.29 | 1.32 |
| Cash Flow Including Commercial Income | | | 55,529 | 62,667 | 69,783 | 76,869 | 83,916 |
| Debt Coverage Ratio Including Commercial Income | | | 1.21 | 1.24 | 1.27 | 1.29 | 1.32 |

¹ Source: Per Developer Projections

² Source: Per Developer Projections

³ Of Gross Potential Income.

⁴ Estimate

⁵ Minimum reserve deposit per US Bank Expression of Interest and Redstone LOI (April 30, 2020). Developer pro forma carries 600/unit/year

Exhibit A

Ulric Street Apartments Permanent Sources and Uses of Funds ¹

Sources

| | | |
|------------------------------|----|----------------|
| Tax Exempt Note | \$ | 3,052,000 |
| Tax Credit Equity (Federal) | \$ | 14,840,900 |
| HCD MHP | \$ | 18,222,571 |
| San Diego Housing Commission | \$ | 7,000,000 |
| San Diego County IHTF Loan | \$ | 7,000,000 |
| Deferred Developer Fee | \$ | 1,500,000 |
| General Partner Equity | \$ | 100 |
| Developer Equity | \$ | 1,308,100 |
| Accrued Soft Loan Interest | \$ | <u>500,100</u> |
| Total Sources | \$ | 53,423,771 |

Uses

| | | |
|--|----|------------------|
| Land and Acquisition Costs | \$ | 7,700,000 |
| Construction Costs | \$ | 27,322,290 |
| Construction Contingency | \$ | 2,020,740 |
| Developer Fee | \$ | 4,808,100 |
| Operating Reserve | \$ | 342,400 |
| Initial Replacement Reserve Deposit | \$ | 48,000 |
| Other Reserves (Lease-up) | \$ | 150,000 |
| Capitalized Construction Loan Interest | \$ | 1,141,820 |
| Other Hard and Soft Costs | \$ | <u>9,890,400</u> |
| Total Uses | \$ | 53,423,750 |

Surplus(Deficit) ² \$ 21

¹ Source: Information provided by the Developer. Rounding by CSG

² Surplus due to rounding

ATTACHMENT 7 – DEVELOPER’S DISCLOSURE STATEMENT



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

Statement for Public Disclosure

1. Name of CONTRACTOR: Community HousingWorks
2. Email: lhuff@chworks.org
2. Address and Zip Code: 3111 Camino del Rio North, Suite 800, San Diego, CA 92111
3. Telephone Number: 619-450-8713
4. Name of Principal Contact for CONTRACTOR: Mary Jane Jagodzinski, Senior Vice President
5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0317950
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:
1988

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: | *Please see attached Board List* |
| Address: | |
| | |
| Name: | |
| Address: | |
| | |
| Name: | |
| Address: | |
| | |

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

Members may have changed. No change in the total count of board members has occurred

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.

A small number of board members may transition due to term limits and will be replaced.

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: | *Not Applicable* |
| 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: | *Please see attached Board List* |
| 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.

Table with 2 columns: Name and Address, Relationship to CONTRACTOR. Includes rows for Name and Address for three entries, with the first entry containing '*No, Not Applicable*'.

- 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: Please refer to the CHW Consolidated Financial Statements for years 2018 and 2019

Horizontal lines for providing a description of the financial condition.

- 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: Please refer to the attached pro forma Sources and Uses

Horizontal lines for providing a statement of the contractor's plan for financing.

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

- a. In banks/savings and loans: Proposed equity requirements for Ulric Street Apartments include a GP Capital Name: Contribution of \$100 and a Developer Fee Contribution per the closing Address: proforma. The sources for these contributions are CHW's general fund for the Amount: \$100 contribution and equity proceeds for the developer fee contribution.
b. By loans from affiliated or associated corporations or firms: Name: Address: Amount: \$



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

| Description | Market Value (\$) | Mortgages or Liens (\$) |
|-------------|-------------------|-------------------------|
| | | |
| | | |
| | | |

Additional Information, as needed: _____

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

| Name and Address | Contact Name |
|------------------|--|
| Name: | *Please see attached Bank Reference List |
| Address: | |
| | |
| Name: | |
| Address: | |
| | |
| 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 | | | |
| | list of undertakings* | | | |
| | | | | |
| | | | | |

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: *Not Applicable*

| Name and Address | Affiliation |
|------------------|-------------|
| Name: | |
| 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: \$_____

General description of such work: _____

Complete one table for each project:

| | | |
|--|---------------|--------------------|
| 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 |

| | | |
|--|---------------|--------------------|
| 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 |
|---|----------|--------|----------------------|
| | | | |
| | | | |
| | | | |

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

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

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

Please refer to the CHW Developer Qualifications attached

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:
*Not Applicable

Three horizontal lines for providing additional information for item 24.

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

If yes, please explain:

Two horizontal lines for explaining the answer to item 25.

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)]: Certificate Attached

Two horizontal lines for providing details for item 26a.

Check coverage(s) carried:

- Checkboxes for insurance coverages: 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)]: Certificate Attached

Two horizontal lines for providing details for item 26b.

Check coverage(s) carried:

- Checkboxes for insurance coverages: Comprehensive Form, Owned, Hired, Non-Owned.



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

- d. Professional Liability (Errors and Omissions) [*Attach* certificate of insurance showing the amount of coverage and coverage period(s)]:
Not Applicable

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

- f. Other (Specify) [*Attach* certificate(s) of insurance showing the amount of coverage and coverage period(s)]:
Not Applicable

- 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 |
|----------------------|--------|--------|------|------------|
| None | | | | |
| | | | | |
| | | | | |
| | | | | |

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

Yes No

If yes, please explain in detail: _____

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

| Government Agency | License Description | License Number | Date Issued (Original) | Status (Current) | Revocation (Yes/No) |
|-------------------|---------------------|----------------|------------------------|------------------|---------------------|
| City of San Diego | Business License | B2004013671 | 1/1/2019 | Current | No |
| | *License Attached* | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

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

None

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

Community HousingWorks has a proud history of successful contract administration that will assure its successful completion of this project. We have developed and currently own and operate 6 affordable housing projects in the City of San Diego and have met our loan obligations with each.

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 |
|------|--|---|---------------|
| | Please see attached list | | |
| | | | |
| | | | |

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: Please see attached list
 Address: _____
 Phone: _____
 Project Name and Description: _____
- 2. Name: _____
 Address: _____
 Phone: _____
 Project Name and Description: _____
- 3. Name: _____
 Address: _____
 Phone: _____
 Project Name and Description: _____

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.
Not Applicable

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

| Name | Experience |
|------------------|------------|
| To be determined | |



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 30 day of JULY, 2020, at San Diego, California.

CONTRACTOR
By: [Signature]
Signature
SENIOR VICE PRESIDENT
Title



CERTIFICATION

The CONTRACTOR, Community HousingWorks, 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: [Handwritten Signature]

By: _____

Title: Senior Vice President

Title: _____

Dated: JULY 30, 2020

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 30 day of JULY, 20 20

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

[Handwritten Signature] Signature of Notary



**San Diego Housing Commission Developer Disclosure Statement
Community HousingWorks
List of Attachments**

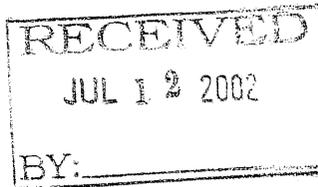
| <u>Question #</u> | <u>Attachment</u> |
|-------------------|---|
| 6. | Articles of Incorporation and Nonprofit Status |
| 8. & 12. | Board Roster of Community HousingWorks |
| 14. | 2018 and 2019 Consolidated Financial Statements of Community HousingWorks |
| 15. | Pro Forma |
| 17. | Bank References |
| 20. | List of Previous Undertakings |
| 22. | CHW Developer Qualifications |
| 26. | Insurance Certificates |
| 32. | Business License |
| 35. | List of Contracts |
| 38. | Local References |

6. Articles of Incorporation and Nonprofit Status

LUCE FORWARD

ATTORNEYS AT LAW • FOUNDED 1873
LUCE, FORWARD, HAMILTON & SCRIPPS LLP

NANCY CRANE, PARALEGAL
DIRECT DIAL NUMBER 619.699.5473
DIRECT FAX NUMBER 619.645.5333
EMAIL ADDRESS NCRANE@LUCE.COM



600 West Broadway
Suite 2600
San Diego, CA 92101
619.236.1414
619.232.8311 fax
www.luce.com

July 9, 2002

24214-00001

Ms. Susan M. Reynolds
Community Housing of North County
1820 S. Escondido Blvd, #101
Escondido, CA 92025

Re: Amended and Restated Articles of Incorporation for Community Housing of North County

Dear Ms. Reynolds:

Enclosed for your records is a certified copy of the Amended and Restated Articles of Incorporation for Community Housing of North County changing the name of the corporation to Community HousingWorks. The Amended and Restated Articles were filed on July 1, 2002 by the California Secretary of State.

If you have any questions regarding this matter, please feel free to call me.

Very truly yours,

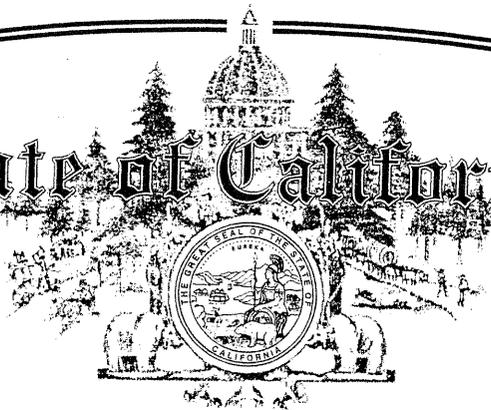
A handwritten signature in cursive script that reads "Nancy Crane". The signature is written in dark ink and extends across the width of the page.

Nancy Crane
for
LUCE, FORWARD, HAMILTON & SCRIPPS LLP

NC/
Enclosure

cc: Dennis J. Doucette, Esq.

State of California



SECRETARY OF STATE

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

That the attached transcript of 2 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

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

JUL - 5 2002



Bill Jones

Secretary of State

State of California



SECRETARY OF STATE CERTIFICATE OF STATUS DOMESTIC CORPORATION

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

That on the **20th day of June, 1988, COMMUNITY HOUSING WORKS** became incorporated under the laws of the State of California by filing its Articles of Incorporation in this office; and

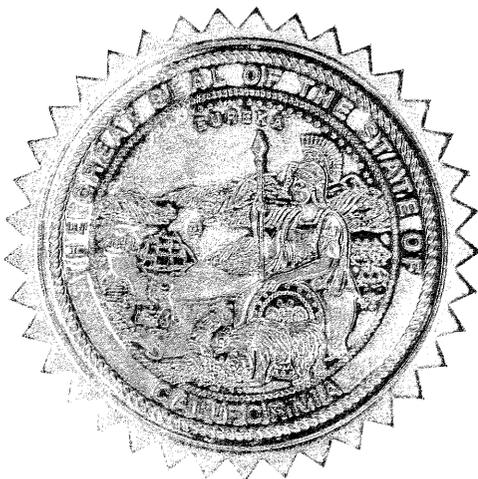
That no record exists in this office of a certificate of dissolution of said corporation nor of a court order declaring dissolution thereof, nor of a merger or consolidation which terminated its existence; and

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

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

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

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of August 21, 2002.



Bill Jones

BILL JONES
Secretary of State

ts

AMENDED AND RESTATED
ARTICLES OF INCORPORATION OF
COMMUNITY HOUSING OF NORTH COUNTY

JUL - 1 2002

BILL JONES, Secretary of State

Jack Mawhinney and Michael Sprague certify that:

1. They are the President and Secretary, respectively, of COMMUNITY HOUSING OF NORTH COUNTY, a California Corporation.
2. The Articles of Incorporation of this corporation are amended and restated to read in full as follows:

ARTICLE I

Name. The name of this corporation is: Community HousingWorks.

ARTICLE II

Character. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for public and charitable purposes, (within the meaning of Section 501(c)(3) of the Internal Revenue Code.)

ARTICLE III

Purpose. The purposes of the corporation are: (i) to lessen the burdens of government by developing affordable housing for low-income persons and low and moderate income families; (ii) to provide human services and housing on a non-profit basis to relieve the distress of the elderly, the physically handicapped and people with special needs; (iii) to combat community deterioration and preserve neighborhood stability by promoting community development, which improves housing and economic conditions as is appropriate; (iv) to assist in the facilitation of low to moderate income persons and families to secure affordable mortgage financing to support efforts in improving select neighborhoods and communities; (v) to provide below-market rate flexible capital and other services in order to increase and preserve homeownership opportunities among underserved low to moderate income households; (vi) to provide new housing opportunities that will assist in eliminating discrimination and prejudice; and (vii) to revitalize and stimulate reinvestment in selected neighborhoods through programs involving a partnership of neighborhood residents, the business community, representatives of local governmental agencies, local financial institutions, and other interested persons.

ARTICLE IV

Limitations. This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. Notwithstanding any other provision of these articles, this corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Law) or (b) by a corporation, contributions to which are deductible under Section 170(a)(2) of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Law). No substantial part of the activities of this corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation. This corporation shall not participate or intervene in any political campaign (including the publication or distribution of statements) on behalf of any candidate for public office.

ARTICLE V

Dedication of Assets. The property of the corporation is irrevocably dedicated to charitable purposes. No part of the net assets or income of the corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon dissolution or liquidation, the assets remaining after payment, or provisions for payment, of all debts and liabilities of this corporation shall be distributed in the manner provided by law to a fund or corporation which is organized and operated exclusively for charitable purposes and which has established its status pursuant to Section 501(c)(3) of the Internal Revenue Code.

3. The foregoing amended and restated Articles of Incorporation have been duly approved by the board of directors.
4. The corporation has no members.

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

Date: 6/28, 2002

Jack Mawhinney
Jack Mawhinney, President

Michael Sprague
Michael Sprague, Secretary





P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248145604
Mar. 30, 2015 LTR 4168C 0
33-0317950 000000 00
00025408
BODC: TE

COMMUNITY HOUSING WORKS
2815 CAMINO DEL RIO SOUTH STE 350
SAN DIEGO CA 92108

60198

Employer Identification Number: 33-0317950
Person to Contact: MR. CORDELL
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Mar. 19, 2015, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in November, 1992.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

0248145604
Mar. 30, 2015 LTR 4168C 0
33-0317950 000000 00
00025409

COMMUNITY HOUSING WORKS
2815 CAMINO DEL RIO SOUTH STE 350
SAN DIEGO CA 92108

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,



Doris Kenwright, Operation Mgr.
Accounts Management Operations 1

LUCE FORWARD

ATTORNEYS AT LAW • FOUNDED 1873

LUCE, FORWARD, HAMILTON & SCRIPPS LLP

11988 El Camino Real
Suite 200
San Diego, CA 92130
858.720.6300
858.720.6306 fax
www.luce.com

DENNIS J. DOUCETTE, PARTNER
DIRECT DIAL NUMBER 858.720.6322
DIRECT FAX NUMBER 858.523.4305
EMAIL ADDRESS DDOUCETTE@LUCE.COM

September 5, 2002

24214/00001

Re: Name Change

Ladies and Gentlemen:

On July 1, 2002, Community Housing of North County, a California nonprofit public benefit corporation (the "Corporation"), changed its name to **Community HousingWorks** by filing Amended and Restated Articles of Incorporation with the California Secretary of State. No further action was required by the Corporation to change its name. The Corporation's state and federal employer identification numbers remain unchanged, and we assure that all contracts and documents previously entered into by Community Housing of North County are binding and enforceable on Community HousingWorks.

Very truly yours,



Dennis J. Doucette
of
LUCE, FORWARD, HAMILTON & SCRIPPS LLP

DJD/dzc

8. & 12. Board Roster of Community HousingWorks



2020 Board of Directors

| | | |
|---|--|--|
| <p><u>Robert Gottlieb</u> Board Chair Chair, Executive Committee Chief Financial Officer H.G. Fenton Company 7577 Mission Valley Road, San Diego, California 92108 619.400.0148 (w) 619.726.0205 (c) robert@hgfenton.com Member since: 10/2013 Current term: 02/01/2019-01/31/2022</p> | <p><u>Angela Nugent</u> Vice Chair Real Estate Broker Keller Williams Orange County Coastal Realty 635 Camino De Los Mares 3rd Floor San Clemente, CA 92673 760.434.6776 (w) 760.930.1999 (c) teamnugent@gmail.com Member since: 08/2017 Current term: 02/01/2018-01/31/2021</p> | <p><u>Lisa Andaleon</u> Treasurer Chair, Finance Committee Director of Operations and Finance University of Southern California 3551 Trousdale Parkway -- ADM 204 Los Angeles, CA 90089-4019 619.606.8238 (c) lisaandaleon@gmail.com Member since: 06/2019 Current term: 02/2018-01/31/2021</p> |
| <p><u>Roberto Garcia</u> Secretary Planning Commissioner City of National City 1243 National City Blvd. National City, CA 91950 619.586.8357 (c) Roberto.garcia.ozua@gmail.com Member since: 09/2016 Current term: 02/01/2019-01/31/2022</p> | <p><u>Stephen Baker</u> Sr. Vice President Bank of America 701 B St, San Diego, CA 92101 760.943.1384 (h) 760.525.6298 (c) sfbaker@zoho.com Member since: 09/2011 Current term: 02/01/2020-01/31/2023</p> | <p><u>Antonio Barbosa</u> VP, Community Development Wells Fargo 401 A St, San Diego, CA 92101 619.921.9065 (c) Antonio.barbosa@wellsfargo.com Member since: 05/2017 Current term: 02/01/2019-01/31/2022</p> |
| <p><u>Christie Ault</u> Executive Assistant Pacific Premier Bank 501 W Broadway #550, San Diego, CA 92101 858.729.7701 (w) 619.481.7944 (c) ault.christie@gmail.com and cault@ppbi.com Member since: 04/2019 Current term: 02/01/2019-01/31/2022</p> | <p><u>Don Ambrose</u> President Del Mar Healthcare, Inc. 12348 High Bluff Dr # 100, San Diego, CA 92130 858.204.3314 (c) 858.350.4400 (w) Don121dm@gmail.com Member since: 04/2020 Current term: 02/01/2020-01/31/2023</p> | <p><u>Jorge Cuevas Antillon</u> Chair, Achieve Committee San Diego County Office of Education Coordinator, Language Acquisition & Reading 6401 Linda Vista Rd, San Diego, CA 92111 858.571.7249 (w) 619.994.8180 (c) jorgecuevasantillon@gmail.com Member since: 01/2017 Current term: 02/01/2020-01/31/2023</p> |
| <p><u>Justin Apger</u> Chair, Organizational Development Cmte Chief Operations Officer Downtown San Diego Partnership 401 B St #100, San Diego, CA 92101 619-234-0201 (w) japger@downtownsandiego.org Member since: 01/2020 Current term: 02/01/2020-01/31/2023</p> | <p><u>Marty Rimmell</u> Chair, Search Committee Rimmell Consulting 6450 Wandermere Dr, San Diego, CA 619.977.0730 (c) martyremmell@gmail.com Member since: 05/2017 Current term: 02/01/2019-01/31/2022</p> | <p><u>Robbie Calderon-Hass</u> Chair, Fund Development Committee Broker/Owner The Hass Team Realty 3186 Vista Way #300, Oceanside, CA 92056 760.754.9990 (w) 760.213.4084 (c) robbie@thehassteam.com Member since: 09/2018 Current term: 02/01/2018-01/31/2021</p> |

| | | |
|---|---|---|
| <p><u>Sean Elo</u> Chair, Governance Committee Executive Director Youth Will 404 Euclid Avenue, Ste. 329 San Diego, CA 92114 562.213.6466 (c) seanelo@seanelo.com Member since: 05/2017 Current term: 02/01/2018-01/31/2021</p> | <p><u>Silvia Calzada</u> Community Health Worker Environmental Health Coalition 2727 Hoover Ave #202, National City, CA 91950 1 (619) 274-7315 silviamcalzada@gmail.com Member since: 06/2020 Current term: 02/01/20-01/31/2023</p> | <p><u>Ted A. Holman</u> Chair, Home Committee Director of Tax Credit Investments First Republic Bank 1280 Fourth Ave, San Diego, CA 92101 415.364.4425 (w) 415.516.0071 (c) tholman@firstrepublic.com or tedholman@gmail.com Member since: 08/2017 Current term: 02/01/2020-01/31/2023</p> |
|---|---|---|

14. 2018 and 2019 Consolidated Financial Statements of Community HousingWorks



CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



Leaf & Cole, LLP
Certified Public Accountants

**COMMUNITY HOUSINGWORKS
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
Community HousingWorks

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Community HousingWorks, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Community HousingWorks as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 49 to 64 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2020, on our consideration of Community HousingWorks' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community HousingWorks' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community HousingWorks' internal control over financial reporting and compliance.

Leaf & Cole LLP

San Diego, California
May 20, 2020

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

| | ASSETS | |
|--|-----------------------|-----------------------|
| | <u>2019</u> | <u>2018</u> |
| <u>Current Assets:</u> (Notes 2, 4, 5 and 6) | | |
| Cash and cash equivalents | \$ 20,871,284 | \$ 17,816,866 |
| Investments | 8,801,430 | - |
| Security deposits | 600,822 | 537,075 |
| Grants and contracts receivable | 68,443 | 52,978 |
| Contributions receivable, net | 750 | 87,555 |
| Accounts receivable - related parties | 6,576,381 | 6,241,063 |
| Accounts receivable - other, net | 170,397 | 316,534 |
| Prepaid expenses | 245,167 | 469,401 |
| Property held for sale | 1,732,489 | 1,596,897 |
| Total Current Assets | <u>39,067,163</u> | <u>27,118,369</u> |
| <u>Noncurrent Assets:</u> (Notes 2, 4, 5 and 7 thru 11) | | |
| Contributions receivable, net | - | 735 |
| Restricted reserves | 6,512,664 | 5,958,572 |
| Loans receivable, net | 468,040 | 589,710 |
| Notes receivable - related parties, net | 65,854,968 | 39,179,703 |
| Interest receivable | 1,801,064 | 1,761,280 |
| Property and equipment, net | 78,002,197 | 87,531,218 |
| Investments in limited partnerships | 11,647,039 | 11,295,053 |
| Deposits | 253,287 | 179,439 |
| Other assets, net | 44,073 | 34,727 |
| Total Noncurrent Assets | <u>164,583,332</u> | <u>146,530,437</u> |
| TOTAL ASSETS | <u>\$ 203,650,495</u> | <u>\$ 173,648,806</u> |

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2019 AND 2018

LIABILITIES AND NET ASSETS

| | <u>2019</u> | <u>2018</u> |
|--|-----------------------|-----------------------|
| <u>Current Liabilities:</u> (Notes 2, 12 and 13) | | |
| Accounts payable and accrued expenses | \$ 2,449,957 | \$ 2,514,535 |
| Security deposits | 579,572 | 539,678 |
| Deferred revenue | 135,701 | 106,751 |
| Line-of-credit payable | 2,000,000 | - |
| Current portion of noncurrent liabilities | 1,886,050 | 39,197,615 |
| Total Current Liabilities | <u>7,051,280</u> | <u>42,358,579</u> |
| <u>Noncurrent Liabilities:</u> (Notes 2 and 13 thru 15) | | |
| Deferred revenue | 200,255 | 247,208 |
| Deferred lease liability | 254,064 | - |
| Notes payable - amortized debt , net | 32,844,075 | 57,648,119 |
| Bonds payable, net | - | 7,076,817 |
| Notes payable - residual receipts debt, net | 38,288,602 | 26,121,318 |
| Interest payable - residual receipts debt | 10,944,675 | 12,578,290 |
| Less: Current portion | <u>(1,886,050)</u> | <u>(39,197,615)</u> |
| Total Noncurrent Liabilities | <u>80,645,621</u> | <u>64,474,137</u> |
| Total Liabilities | <u>87,696,901</u> | <u>106,832,716</u> |
| <u>Obligation Under Interest Rate Swap</u> (Notes 2 and 16) | <u>948,438</u> | <u>-</u> |
| <u>Commitments and Contingencies</u> (Notes 12 and 18) | | |
| <u>Net Assets:</u> (Notes 2 and 17) | | |
| Without donor restrictions | 113,584,379 | 65,164,913 |
| With donor restrictions: | | |
| Time and purpose restrictions | 647,937 | 547,120 |
| Perpetual in nature | <u>772,840</u> | <u>1,104,057</u> |
| Total Net Assets | <u>115,005,156</u> | <u>66,816,090</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 203,650,495</u> | <u>\$ 173,648,806</u> |

The accompanying notes are an integral part of the consolidated financial statements.

**COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

| | 2019 | | | 2018 | | |
|--|----------------------------------|-------------------------------|-------------------|----------------------------------|-------------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| <u>Support and Revenues:</u> | | | | | | |
| Contributions | \$ 479,535 | \$ 459,015 | \$ 938,550 | \$ 975,822 | \$ 12,495 | \$ 988,317 |
| Developer fees | 6,380,154 | - | 6,380,154 | 6,473,400 | - | 6,473,400 |
| Grants and contracts | 890,921 | 150,000 | 1,040,921 | 995,386 | 420,000 | 1,415,386 |
| Loan interest and investment income | 2,123,716 | 761 | 2,124,477 | 1,425,247 | 1,543 | 1,426,790 |
| Management fees | 967,400 | - | 967,400 | 719,451 | - | 719,451 |
| Other income | 512,864 | - | 512,864 | 249,179 | - | 249,179 |
| Program income | 1,080,790 | - | 1,080,790 | 1,152,009 | - | 1,152,009 |
| Rental income | 12,750,466 | - | 12,750,466 | 9,902,659 | - | 9,902,659 |
| Net assets released from restrictions | 840,176 | (840,176) | - | 742,433 | (742,433) | - |
| Total Support and Revenues | <u>26,026,022</u> | <u>(230,400)</u> | <u>25,795,622</u> | <u>22,635,586</u> | <u>(308,395)</u> | <u>22,327,191</u> |
| <u>Expenses:</u> | | | | | | |
| Program Services: | | | | | | |
| Asset management | 1,250,894 | - | 1,250,894 | 1,080,068 | - | 1,080,068 |
| Community programs | 2,971,903 | - | 2,971,903 | 2,394,479 | - | 2,394,479 |
| Real estate development | 3,375,973 | - | 3,375,973 | 2,836,814 | - | 2,836,814 |
| Rental real estate | 15,670,852 | - | 15,670,852 | 12,653,196 | - | 12,653,196 |
| Special needs housing programs | 349,419 | - | 349,419 | 352,806 | - | 352,806 |
| Total Program Services | <u>23,619,041</u> | <u>-</u> | <u>23,619,041</u> | <u>19,317,363</u> | <u>-</u> | <u>19,317,363</u> |
| Supporting Services: | | | | | | |
| Management and general | 1,254,892 | - | 1,254,892 | 1,223,260 | - | 1,223,260 |
| Fundraising | 559,149 | - | 559,149 | 441,405 | - | 441,405 |
| Total Supporting Services | <u>1,814,041</u> | <u>-</u> | <u>1,814,041</u> | <u>1,664,665</u> | <u>-</u> | <u>1,664,665</u> |
| Total Expenses | <u>25,433,082</u> | <u>-</u> | <u>25,433,082</u> | <u>20,982,028</u> | <u>-</u> | <u>20,982,028</u> |
| Change in Net Assets Before Other Revenue and (Expense) | <u>592,940</u> | <u>(230,400)</u> | <u>362,540</u> | <u>1,653,558</u> | <u>(308,395)</u> | <u>1,345,163</u> |

The accompanying notes are an integral part of the consolidated financial statements.

**COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

| | 2019 | | | 2018 | | |
|--|----------------------------------|-------------------------------|-----------------------|----------------------------------|-------------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Other Revenue and (Expense): | | | | | | |
| Contribution of equipment | \$ - | \$ - | \$ - | \$ 2,910,000 | \$ - | \$ 2,910,000 |
| Gain on sale of property and equipment | 44,044,532 | - | 44,044,532 | - | - | - |
| Grant for capital contribution | - | - | - | 4,550,000 | - | 4,550,000 |
| Loan forgiveness and recovery | 127,769 | - | 127,769 | 262,331 | - | 262,331 |
| Obligation under interest rate swap change | 89,700 | - | 89,700 | - | - | - |
| Partnership income (loss) | 61,628 | - | 61,628 | (440,689) | - | (440,689) |
| Total Other Revenue and (Expense) | <u>44,323,629</u> | <u>-</u> | <u>44,323,629</u> | <u>7,281,642</u> | <u>-</u> | <u>7,281,642</u> |
| Change in Net Assets | 44,916,569 | (230,400) | 44,686,169 | 8,935,200 | (308,395) | 8,626,805 |
| Net Assets at Beginning of Year | 65,164,913 | 1,651,177 | 66,816,090 | 56,762,522 | 1,959,572 | 58,722,094 |
| Acquisition of Partnership Interest | 3,502,897 | - | 3,502,897 | (532,809) | - | (532,809) |
| NET ASSETS AT END OF YEAR | <u>\$ 113,584,379</u> | <u>\$ 1,420,777</u> | <u>\$ 115,005,156</u> | <u>\$ 65,164,913</u> | <u>\$ 1,651,177</u> | <u>\$ 66,816,090</u> |

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Program Services | | | | | Supporting Services | | | Total Expenses |
|--|---------------------|---------------------|-------------------------|----------------------|--------------------------------|------------------------|-------------------|--------------------|----------------------|
| | Asset Management | Community Programs | Real Estate Development | Rental Real Estate | Special Needs Housing Programs | Management and General | Fundraising | Eliminations | |
| Personnel Expenses: | | | | | | | | | |
| Salaries and wages | \$ 760,462 | \$ 1,667,141 | \$ 2,278,488 | \$ - | \$ 27,800 | \$ 666,620 | \$ 290,460 | \$ - | \$ 5,690,971 |
| Payroll taxes | 61,927 | 127,867 | 166,974 | - | 2,351 | 45,781 | 25,295 | - | 430,195 |
| Health insurance and other benefits | 96,085 | 243,748 | 233,057 | - | 4,531 | 84,205 | 37,219 | - | 698,845 |
| Temporary/contract personnel | 22,758 | 30,333 | 41,487 | - | 3,941 | 77,959 | 29,132 | - | 205,610 |
| Total Personnel Expenses | <u>941,232</u> | <u>2,069,089</u> | <u>2,720,006</u> | <u>-</u> | <u>38,623</u> | <u>874,565</u> | <u>382,106</u> | <u>-</u> | <u>7,025,621</u> |
| Occupancy: | | | | | | | | | |
| Office rent | 92,149 | 133,912 | 268,204 | - | 21,917 | 86,396 | 29,538 | - | 632,116 |
| Telephone/Internet | 8,890 | 14,133 | 26,560 | - | 2,119 | 8,870 | 5,376 | - | 65,948 |
| Total Occupancy | <u>101,039</u> | <u>148,045</u> | <u>294,764</u> | <u>-</u> | <u>24,036</u> | <u>95,266</u> | <u>34,914</u> | <u>-</u> | <u>698,064</u> |
| Insurance | <u>(10,756)</u> | <u>(4,980)</u> | <u>(14,898)</u> | <u>-</u> | <u>(878)</u> | <u>(49,616)</u> | <u>(10,672)</u> | <u>-</u> | <u>(91,800)</u> |
| Supplies and Other Administrative Costs | <u>70,732</u> | <u>177,819</u> | <u>216,327</u> | <u>-</u> | <u>12,210</u> | <u>131,674</u> | <u>61,245</u> | <u>-</u> | <u>670,007</u> |
| Travel | <u>18,872</u> | <u>69,717</u> | <u>20,085</u> | <u>-</u> | <u>555</u> | <u>6,852</u> | <u>4,298</u> | <u>-</u> | <u>120,379</u> |
| Professional Fees: | | | | | | | | | |
| Other professional services | 92,758 | 172,852 | 47,625 | - | 40,227 | 77,212 | 37,102 | - | 467,776 |
| Accounting (Audit) | 3,975 | 11,560 | 11,592 | - | 1,485 | 6,338 | 2,359 | - | 37,309 |
| Total Professional Fees | <u>96,733</u> | <u>184,412</u> | <u>59,217</u> | <u>-</u> | <u>41,712</u> | <u>83,550</u> | <u>39,461</u> | <u>-</u> | <u>505,085</u> |
| Program/Project Expenses: | | | | | | | | | |
| Program/Project related expenses | 2,016 | 285,884 | 3,675 | - | 91,489 | 5,236 | 20,944 | - | 409,244 |
| Property operation cost | - | - | - | 15,591,385 | 112,170 | - | - | (3,857,212) | 11,846,343 |
| Total Program/Project Expenses | <u>2,016</u> | <u>285,884</u> | <u>3,675</u> | <u>15,591,385</u> | <u>203,659</u> | <u>5,236</u> | <u>20,944</u> | <u>(3,857,212)</u> | <u>12,255,587</u> |
| Other Expenses: | | | | | | | | | |
| Interest | 17,053 | 22,730 | 31,087 | - | 12,084 | 59,059 | 14,765 | - | 156,778 |
| Depreciation and amortization | 10,087 | 13,445 | 18,388 | 3,936,679 | 16,738 | 34,934 | 8,733 | - | 4,039,004 |
| Contributions to others | 3,886 | 5,742 | 8,477 | - | 680 | 13,372 | 3,355 | - | 35,512 |
| Property loss | - | - | 18,845 | - | - | - | - | - | 18,845 |
| Total Other Expenses | <u>31,026</u> | <u>41,917</u> | <u>76,797</u> | <u>3,936,679</u> | <u>29,502</u> | <u>107,365</u> | <u>26,853</u> | <u>-</u> | <u>4,250,139</u> |
| Less: Eliminations: | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,857,212)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,857,212</u> | <u>-</u> |
| TOTAL EXPENSES | <u>\$ 1,250,894</u> | <u>\$ 2,971,903</u> | <u>\$ 3,375,973</u> | <u>\$ 15,670,852</u> | <u>\$ 349,419</u> | <u>\$ 1,254,892</u> | <u>\$ 559,149</u> | <u>\$ -</u> | <u>\$ 25,433,082</u> |

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

| | Program Services | | | | Special Needs Housing Programs | Supporting Services | | | Total Expenses |
|--|---------------------|-----------------------|----------------------------|-----------------------|---|---------------------------|-------------------|------------------|----------------------|
| | Asset Management | Community Programs | Real Estate Development | Rental Real Estate | | Management and General | Fundraising | Eliminations | |
| Personnel Expenses: | | | | | | | | | |
| Salaries and wages | \$ 574,704 | \$ 1,324,821 | \$ 1,890,683 | \$ - | \$ 38,945 | \$ 594,678 | \$ 160,249 | \$ - | \$ 4,584,080 |
| Payroll taxes | 50,052 | 123,003 | 150,794 | - | 3,442 | 48,919 | 14,582 | - | 390,792 |
| Health insurance and other benefits | 68,942 | 177,826 | 197,983 | - | 3,750 | 73,789 | 21,966 | - | 544,256 |
| Temporary/contract personnel | 690 | 12,082 | 1,084 | - | 191 | 4,522 | 8,259 | - | 26,828 |
| Total Personnel Expenses | <u>694,388</u> | <u>1,637,732</u> | <u>2,240,544</u> | <u>-</u> | <u>46,328</u> | <u>721,908</u> | <u>205,056</u> | <u>-</u> | <u>5,545,956</u> |
| Occupancy: | | | | | | | | | |
| Office rent | 69,101 | 107,158 | 178,028 | - | 14,358 | 127,821 | 54,710 | - | 551,176 |
| Telephone/Internet | 6,524 | 13,860 | 18,719 | - | 1,661 | 8,277 | 4,776 | - | 53,817 |
| Leasehold improvements | 67 | 99 | 183 | - | 13 | 83 | 49 | - | 494 |
| Total Occupancy | <u>75,692</u> | <u>121,117</u> | <u>196,930</u> | <u>-</u> | <u>16,032</u> | <u>136,181</u> | <u>59,535</u> | <u>-</u> | <u>605,487</u> |
| Insurance | <u>998</u> | <u>6,000</u> | <u>6,553</u> | <u>-</u> | <u>1,144</u> | <u>(17,011)</u> | <u>(1,321)</u> | <u>-</u> | <u>(3,637)</u> |
| Supplies and Other Administrative Costs | <u>56,763</u> | <u>169,843</u> | <u>207,706</u> | <u>-</u> | <u>13,084</u> | <u>119,446</u> | <u>63,638</u> | <u>-</u> | <u>630,480</u> |
| Travel | <u>29,455</u> | <u>44,760</u> | <u>19,398</u> | <u>-</u> | <u>642</u> | <u>7,139</u> | <u>3,061</u> | <u>-</u> | <u>104,455</u> |
| Professional Fees: | | | | | | | | | |
| Other professional services | 195,676 | 145,690 | 92,260 | - | 32,346 | 115,926 | 54,564 | - | 636,462 |
| Equipment/computer services | 251 | 753 | 682 | - | 102 | 310 | 183 | - | 2,281 |
| Accounting (Audit) | 3,348 | 9,919 | 10,930 | - | 1,342 | 4,903 | 2,518 | - | 32,960 |
| Total Professional Fees | <u>199,275</u> | <u>156,362</u> | <u>103,872</u> | <u>-</u> | <u>33,790</u> | <u>121,139</u> | <u>57,265</u> | <u>-</u> | <u>671,703</u> |
| Program/Project Expenses: | | | | | | | | | |
| Program/Project related expenses | 2,557 | 214,311 | 1,544 | - | 121,742 | 5,977 | 28,382 | - | 374,513 |
| Property operation cost | - | - | - | 10,477,670 | 83,617 | - | - | (697,699) | 9,863,588 |
| Total Program/Project Expenses | <u>2,557</u> | <u>214,311</u> | <u>1,544</u> | <u>10,477,670</u> | <u>205,359</u> | <u>5,977</u> | <u>28,382</u> | <u>(697,699)</u> | <u>10,238,101</u> |
| Other Expenses: | | | | | | | | | |
| Interest | 10,864 | 22,787 | 17,066 | - | 12,135 | 67,152 | 13,431 | - | 143,435 |
| Depreciation and amortization | 5,256 | 11,025 | 8,257 | 2,873,225 | 22,934 | 32,491 | 6,498 | - | 2,959,686 |
| Contributions to others | 4,820 | 10,542 | 9,392 | - | 1,358 | 28,838 | 5,860 | - | 60,810 |
| Property loss | - | - | 25,552 | - | - | - | - | - | 25,552 |
| Total Other Expenses | <u>20,940</u> | <u>44,354</u> | <u>60,267</u> | <u>2,873,225</u> | <u>36,427</u> | <u>128,481</u> | <u>25,789</u> | <u>-</u> | <u>3,189,483</u> |
| Less: Eliminations: | <u>-</u> | <u>-</u> | <u>-</u> | <u>(697,699)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>697,699</u> | <u>-</u> |
| TOTAL EXPENSES | <u>\$ 1,080,068</u> | <u>\$ 2,394,479</u> | <u>\$ 2,836,814</u> | <u>\$ 12,653,196</u> | <u>\$ 352,806</u> | <u>\$ 1,223,260</u> | <u>\$ 441,405</u> | <u>\$ -</u> | <u>\$ 20,982,028</u> |

The accompanying notes are an integral part of the consolidated financial statements.

**COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|--------------------|
| <u>Cash Flows From Operating Activities:</u> | | |
| Change in net assets | \$ 44,686,169 | \$ 8,626,805 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 4,037,451 | 2,958,304 |
| Amortization of other assets | 1,553 | 1,382 |
| Amortization of debt issuance costs | 219,845 | 279,738 |
| Contribution of equipment | - | (2,910,000) |
| Gain on sale of property and equipment | (44,044,532) | - |
| Net realized and unrealized gains from investments | (217,398) | - |
| Grant for capital contribution | - | (4,550,000) |
| Loan forgiveness | (24,500) | (24,500) |
| Partnership loss | (61,628) | 440,689 |
| Change in obligation under interest rate swap | (89,700) | - |
| Perpetual restricted net assets released | 331,217 | 473,167 |
| (Increase) Decrease in: | | |
| Grants and contracts receivable | (15,465) | 100,136 |
| Contributions receivable, net | 87,540 | (22,299) |
| Accounts receivable, net | (186,421) | 552,328 |
| Prepaid expenses | 290,662 | 39,443 |
| Interest receivable | (39,784) | (692,295) |
| Increase (Decrease) in: | | |
| Accounts payable and accrued expenses | 1,363,658 | 570,455 |
| Security deposits | (127,692) | 9,909 |
| Deferred revenue | (63,108) | (65,845) |
| Deferred lease liability | 254,064 | - |
| Interest payable | (1,633,615) | 651,022 |
| Net Cash Provided by Operating Activities | <u>4,768,316</u> | <u>6,438,439</u> |
| <u>Cash Flows From Investing Activities:</u> | | |
| Accounts receivable - related parties | - | 70,946 |
| Property held for sale | (135,592) | (125,926) |
| Investment (purchases) sales, net | (8,603,608) | (9,587) |
| Loans receivable, net | 121,670 | 106,441 |
| Notes receivable - related parties, net | 1,581,211 | (2,145,238) |
| Proceeds from sale of property and equipment | 57,976,079 | - |
| Property and equipment purchases | (22,208,450) | (3,833,685) |
| Partnership contributions and transfer costs, net | 1,134,970 | (498,284) |
| Refund (payment) for deposits | (55,918) | (40,927) |
| Payment for other assets | (10,899) | - |
| Net Cash Provided by (Used in) Investing Activities | <u>29,799,463</u> | <u>(6,476,260)</u> |

(Continued)

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|---|------------------------------|-----------------------------|
| <u>Cash Flows From Financing Activities:</u> | | |
| Line-of-credit advances | \$ 2,000,000 | \$ - |
| Payment for debt issuance costs | (3,700) | - |
| Proceeds from notes payable | 19,750,453 | 750,000 |
| Payments on notes payable | (45,127,047) | (503,707) |
| Payments on bonds payable | (7,203,587) | (339,098) |
| Perpetual restricted net assets released | (331,217) | (473,167) |
| Net Cash Used in Financing Activities | <u>(30,915,098)</u> | <u>(565,972)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 3,652,681 | (603,793) |
| Cash and Cash Equivalents at Beginning of Year | <u>24,017,138</u> | <u>24,620,931</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u><u>\$ 27,669,819</u></u> | <u><u>\$ 24,017,138</u></u> |
| <u>Supplemental Disclosures of Cash Flow Information:</u> | | |
| Cash paid for interest, net of capitalized interest (Note 2) | <u><u>\$ 6,070,580</u></u> | <u><u>\$ 3,600,805</u></u> |
| <u>Supplemental Disclosure of Noncash Investing and Financing Activities:</u> | | |
| Notes receivable - related parties advanced as proceeds from sale of property and equipment | <u><u>\$ 28,256,476</u></u> | <u><u>\$ -</u></u> |
| Acquisition of Dove Family Housing Associates, L.P. | <u><u>\$ (3,502,897)</u></u> | <u><u>\$ -</u></u> |
| Acquisition of Mission Grove Housing Associates, L.P. | <u><u>\$ -</u></u> | <u><u>\$ (532,809)</u></u> |

The accompanying notes are an integral part of the consolidated financial statements.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1 - Organization:

The consolidated financial statements include the following entities which are collectively referred to as the “Organization”. The entities are summarized in the supplementary schedules of real estate entities on pages 49 and 50 for the years ended December 31, 2019 and 2018, respectively which includes the partnership name, property name and ownership details.

Community HousingWorks

Community HousingWorks (“CHW” or the “Organization”) is a Nonprofit California Corporation incorporated on June 20, 1988. CHW believes that opportunity begins with a stable home. The Organization provides and builds life-changing affordable apartment communities with resident-centered services for working families, seniors and people with disabilities, to forge stronger futures. CHW has over 30 years of success developing new and renovating existing multi-family, affordable rental apartments in urban, suburban and rural communities, in San Diego and across California. With 3,671 rental apartments in 42 communities statewide, the Organization proudly served more than 9,700 residents in 2019.

The Organization delivers onsite programs to give residents the knowledge, tools, and hope to achieve their goals and dreams. CHW's unique approach is to provide families, seniors and individuals in need with stable homes in healthy communities, then layer in powerful programs and links to just the right resources. As a result, people in CHW homes are able to gain financial stability and mobility, improve their health and wellness, and see that the next generation of children succeeds in the classroom and beyond.

The Organization is an Exemplary-ranked member of the national NeighborWorks Network®, an award-winning affiliate of Unidos USA, and member of the prestigious Housing Partnership Network.

CHW typically acquires land for apartment development or multifamily housing complexes already in operation with the intent of financing them with Low Income Housing Tax Credits (LIHTC), in several stages, each of which can have a material impact on the organization’s consolidated financial position. The first stage typically is a development period during which CHW, or a wholly controlled affiliate, owns 100% of the property and therefore fully consolidates the property. After a development period of time, which may be as much as two years, the property is sold into a limited partnership (or LLC) and CHW retains a very small general partner interest (0.01% to 1%), while the limited investor partner owns almost all of the interest in order to capitalize on the related tax benefits. During this second stage, the general partner interest is accounted for on the equity method and the tax credit partnership entity has its own segregated audited financial statements and tax returns. The compliance and related tax benefit period for these entities lasts for 15 years. After that 15 years, the limited partner will typically exit and the project enters a third stage once again under full CHW control. If the property needs substantial investment beyond the amount available through new debt and reserves, CHW has the option to seek tax credits, form a new tax credit partnership and re-syndicate to meet those needs, starting the change in control process all over again.

Partnership and Limited Liability Companies

CHW owns a general partner interest in limited partnerships and is the sole member of limited liability companies with ownership interests in limited partnerships ranging from .005% to 100% which are summarized in the supplementary schedule of real estate entities.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1 - Organization: (Continued)

Esperanza Housing and Community Development Corporation

Esperanza Housing and Community Development Corporation (“Esperanza”), a California Nonprofit Corporation, has partnership interests as summarized in the supplementary schedule of real estate entities on pages 49 and 50.

Escondido Family Housing Corporation

Escondido Family Housing Corporation, a California Nonprofit Corporation (“Escondido”), has partnership interests as summarized in the supplementary schedule of real estate entities on pages 49 and 50 which represent 100% of the assets of Escondido.

Maplewood/Ashwood

Maplewood/Ashwood, a California Nonprofit Corporation has no assets at December 31, 2019 and 2018.

Community Housing Solutions

Community Housing Solutions, a California Nonprofit Corporation (“Pine View”) owns the Pine View Apartments, an apartment complex of 101 units located in Fallbrook, California. Pine View has been consolidated into these financial statements. On July 1, 2019, Pine View sold the apartment complex. Effective December 31, 2019 Pine View has been dissolved.

The following is a brief description of the Organization’s programs:

Rental Communities

Real Estate Development

The Organization builds and owns affordable, attractive and sustainable rental communities across California that people can be proud to call home. Over 9,700 people living on a limited income find home stability in the Organization’s award-winning apartment communities CHW has been recognized nationally, statewide and within the San Diego region for excellence in development, from the national Gold Nugget Award to the Urban Land Institute Award of Excellence for the America’s. As of 2019, CHW operated 3,671 rental apartments in 42 communities, designed and managed to improve their neighborhoods and help residents build brighter futures. Extensive resident service programs further support resident success.

In 29 of our community’s residents can take advantage of a Community Center with after-school programs, computers and other on-site resident programs. All residents can also access our comprehensive asset-building programs, including Financial Fitness classes and financial coaching.

**COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 1 - Organization: (Continued)

Rental Communities (Continued)

Asset Management

The Organization provides ongoing administrative support, management oversight, risk management review, and/or oversight of financial and repair plans for the communities developed by the Organization for very low-income and low-income residents in need. CHW's asset management staff maintains high standards in a diverse portfolio. CHW's permanent affordable housing portfolio operates at 98% occupancy and has consistently met all reserve and partnership management fee targets. Due to the Organization's outstanding track record, banks and investors consider CHW among the highest-rated developers.

Supportive Housing

The Organization provides stable homes for individuals and families in need, including formerly homeless families, seniors with disabilities, individuals with HIV/AIDS, youth transitioning out of foster care, and victims of domestic violence. CHW has 137 supportive housing apartments in 14 communities, and 29 Community Centers.

| Complex | Location | Supportive Units | Supported Residents |
|--|-----------------|-------------------------|---|
| Alabama Manor | San Diego | 23 | Supportive homes to individuals over 55 who are physically disabled or living with HIV/AIDS |
| Avocado Court | Escondido | 8 | Permanent supportive homes for homeless, disabled veterans |
| Hillside Village, Solara, Parkview Terrace, Oak Knoll Villas | Poway | 8 | Up to 6 transitional supportive homes for victims of domestic violence; 2 permanent homes for developmentally disabled adults in 4 Poway communities |
| Kalos | San Diego | 6 | Permanent supportive homes for teenage mothers under the Maternity Shelter Program |
| Las Casitas Maple | Escondido | 14 | Permanent supportive homes for homeless families recovering and reuniting from substance abuse |
| Marisol | Oceanside | 21 | Permanent supportive housing units for disabled individuals living with HIV/AIDS; 10 HOPWA |
| North Santa Fe | Vista | 10 | Supportive units for Transition Aged Youth (foster care) |
| Old Grove | Oceanside | 4 | HOPWA (HIV/AIDS) |
| Manzanita | Escondido | 7 | Supportive homes for homeless, disabled veterans |
| North Park Seniors | San Diego | 8 | Permanent supportive homes for Seniors |
| Mission Cove Seniors | Oceanside | 28 | Up to 28 voluntary homeless preference waitlist units for Seniors 62+ experiencing homelessness (non set-aside) |

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1 - Organization: (Continued)

Resident Services Programs

Community HousingWorks has long held the core belief that with a safe, stable home, powerful tools and community support, our residents can forge strong futures. This belief and our commitment to resident success—creating safe, stable, affordable apartment communities and support for hopeful action by our residents—are at the heart of our mission and who we are as an organization. Our very first apartment community in 1989 offered transitional housing services to homeless women and children. Since 1997, when our residents first requested support for their kids' homework, CHW has routinely included community centers and on-site services programs in almost all of our apartment communities (subject to funding). Community HousingWorks is among the few large housing nonprofits in the country that supplement project service fees with both individual donor and grant contributions, in order to assure impactful programs.

As part of our resident-driven approach, we perform resident opportunity and needs assessments and complete a community scan to make sure that we design programs that are relevant and appropriate to the residents served. CHW delivers services through both onsite staff and through partners and volunteers, creating more sustainability and more ability to vary services based on resident needs and available resources. CHW invests in measuring the impact of our core services, in order to continually improve those results.

CHW offers programming in three areas of highest impact for our mission: Financial Well-being, Next Generation Success, and Health and Wellness.

1. Financial Well-being

Community HousingWorks' innovative financial well-being programs have served over 9,700 residents since 2004, meeting people where they are in three program areas.

- **Financial Stability** (*address a current financial crisis*). Through our Rental Home Stability Program (RHSP), our accredited financial coaches help households at risk of eviction to regain stability. This innovative program has a 95% success rate. Residents use RHSP financial coaching, community resources and (as needed) payment plans to prevent the eviction and restart their future.
- **Financial Security** (*meet day-to-day financial obligations*). Community HousingWorks' Financial Fitness class uses a group-coaching model to help residents more effectively manage their money and make positive financial choices to meet self-identified goals. In 2019, 69% of participants raised their credit scores. Through our Credit Strengthening Initiative program, there was an average increase in credit scores by 57 points and the average debt decrease in dollar amount was \$2,900.
- **Financial Mobility** (*plan for the future*). We help low-income households reach their personal goals to build not just income, but wealth: increased savings, buying a house, purchasing a vehicle, starting a business, paying for education, or a retirement plan. Residents use individual coaching to set and attain an asset-building goal. They can then join a Financial Health Club for peer support and ideas.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1 - Organization: (Continued)

Resident Services Programs (Continued)

2. Next Generation Success

For over 20 years, CHW has offered educational supports to youth to break the cycle of poverty.

- **Study Stars After-School and Summer Program.** Community HousingWorks' own Study Stars program focuses on achieving grade level reading for K-5th grade students, well-documented as the most important gateway to educational and life success. Study Stars uses a nationally evaluated on-line literacy program, i-Ready, that provides individualized success measures, and has shown significant gains in academic achievement for English learners, female, African American and Latino students. In 2019, there were 221 active study star students participating in the Study Stars After-School Program.
- **Achievers Club.** The Achievers Club provides youth with an on-site leadership development and mentorship program, including workshops on post-secondary career pathways, community organizing and financial literacy, as well as opportunities to give back to their community through service activities.
- **VALOR Scholarships.** VALOR scholarships are offered to CHW youth and adult residents to support post-secondary education and career pathways, ranging from two and four year college degrees to vocational training certificates. In 2019, 31 CHW residents from 18 communities won scholarships totaling \$31,000.

3. Health and Wellness

CHW connects residents with community partners' programs, in order to prevent disease, strengthen the independence of senior and disabled residents, promote healthy lifestyles, and support self-empowered residents to manage their own health.

- **Diabetes Prevention & Management Programs.** Scripps Whittier Diabetes Institute offers two programs to CHW residents at various communities. The Diabetes Prevention Program provides at-risk and pre-diabetic residents a 12-month program covering self-care and ways to reduce weight in order to prevent Type 2 Diabetes. The Project Dulce Program supports seniors with borderline/full Type 2 diabetes with a series of self-management care classes.
- **Senior Programs.** CHW offers onsite services and activities, to support senior health and independence, encourage an active lifestyle and mutual support, and reduce deadly isolation. Services are provided by CHW staff or by community partners.
- **Supportive Housing Programs.** Since 1989, CHW has been providing supportive and permanent supportive housing for homeless and disabled residents, with services provided by local service partners.
 - **Collaborating.** CHW was an early member of the County Regional Continuum of Care, has received HUD SHP funding for over 20 years, and actively uses the Coordinated Entry System.
 - **Integrating.** Some CHW communities are 100% supportive housing. More often, we have included homeless residents as part of larger affordable communities, starting with our innovative integration of homeless families into Cedar Apartments (Vista) in 1994.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1 - Organization: (Continued)

Resident Services Programs (Continued)

- **Serving a Range of Needs.** As of the end of 2019, CHW provided over 137 supportive and permanent supportive housing apartments across the county. CHW apartments serve homeless men and women with HIV/AIDS, homeless veterans, homeless and disabled seniors, TAY foster youth, CWS-at-risk young mothers and children, adults with developmental disabilities, and homeless CWS-client parents reuniting with their children after substance abuse treatment. CHW partners with various county agencies to support the specific needs of our residents.

Note 2 - Significant Accounting Policies:

Consolidated Financial Statements

The consolidated financial statements include Community HousingWorks, Partnership and Limited Liability Companies, Esperanza Housing and Community Development Corporation, Escondido Family Housing Corporation, Maplewood/Ashwood and Community Housing Solutions which are collectively referred to as the “Organization”. All material intercompany transactions have been eliminated in consolidation.

Accounting Method

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2 - Significant Accounting Policies: (Continued)

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment

The Organization's consolidated statements of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Mutual and exchange traded funds and equities which are considered Level 1 assets and are reported at fair market value based on quoted market prices in active markets for identical assets at the measurement date.
- Debt securities are considered Level 2 assets and are reported at fair market value based on quoted market prices in active markets for similar assets at the measurement date.

**COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 2 - Significant Accounting Policies: (Continued)

Cash and Cash Equivalents and Restricted Cash

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Certificates of deposits that may be redeemed without a significant penalty are considered cash and cash equivalents regardless of the maturity. The following is a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total in the statements of cash flows at December 31:

| | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|
| Cash and cash equivalents | \$ 20,871,284 | \$ 17,816,866 |
| Security deposits | 600,822 | 537,075 |
| Restricted reserves | <u>6,197,713</u> | <u>5,663,197</u> |
| Total Cash and Cash Equivalents and Restricted Cash | <u>\$ 27,669,819</u> | <u>\$ 24,017,138</u> |

Certificates of deposit totaling \$101,626 and \$100,299 at December 31, 2019 and 2018, respectively, included in cash and cash equivalents earn interest at .15% and .05%, mature November 29, 2020 and November 29, 2019.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all grants and contracts receivable were fully collectible; therefore, no allowance for doubtful grants and contracts receivable was recorded at December 31, 2019 and 2018. The allowance for doubtful accounts receivable-other totaled \$6,525 and \$50,500 at December 31, 2019 and 2018, respectively. The allowance for doubtful contributions receivable totaled \$250 and \$6,750 at December 31, 2019 and 2018, respectively.

Loans Receivable

Loans receivable are carried at unpaid principal balances, less an allowance for loan losses. The Organization has implemented policies and practices for assessing impairment of its loans receivable and the recognition of income on impaired loans. Loans receivable are recorded at the lower of cost or estimated net realizable value. Allowance for loan losses are analyzed by the Organization and include any loan where full recovery of principal and interest is considered in doubt based on the current evaluation of the loan and its security. The Organization may include an additional provision for losses based on any loan where it feels that a provision may become necessary in the future for any reason. The Organization has recorded an allowance for collection losses totaling \$52,000 and \$65,500 at December 31, 2019 and 2018, respectively. Collection (recoveries) and losses are recorded as other revenue and expense in the consolidated statement of activities. Collection losses totaled \$6,673 and \$1,951 for the years ended December 31, 2019 and 2018, respectively. The Organization is not funding any new loans to homeowners.

Loans are placed on nonaccrual when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2 - Significant Accounting Policies: (Continued)

Loans Receivable (Continued)

Impaired loans are those loans for which write-downs or specific provisions have been taken. The Organization recognizes interest income on its impaired loans based on the actual cash flow of payments received from borrowers. There were no impaired loans at December 31, 2019 and 2018.

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of \$5,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment is depreciated using the straight-line and accelerated methods over the estimated useful asset lives as follows:

| | |
|----------------------------|---------------|
| Buildings and improvements | 10 - 40 years |
| Equipment | 5 - 15 years |
| Furniture and fixtures | 5 - 7 years |
| Vehicles and trailer | 5 - 7 years |

Depreciation totaled \$4,037,451 and \$2,958,304 for the years ended December 31, 2019 and 2018, respectively.

Interest totaling \$261,660 and \$340,133 for the years ended December 31, 2019 and 2018, respectively, was capitalized and is included in construction in progress.

Property acquired and held for sale is not classified as property and equipment. The Organization had property that was available for sale totaling \$1,732,489 and \$1,596,897 at December 31, 2019 and 2018, respectively.

Maintenance and repairs are charged to operations as incurred.

Impairment of Long-Lived Assets

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flows expected to be generated by the rental property including the low-income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2 - Significant Accounting Policies: (Continued)

Impairment of Long-Lived Assets (Continued)

The Organization's test for impairment at December 31, 2019 and 2018 was based on the most current information available to it, if the Organization's plans regarding its real estate assets and related debt obligations change, it could result in impairment charges in the future. Based on the Organization's plans with respect to the rental property and related debt financings, management believes that the carrying amounts are recoverable and therefore, under applicable accounting and reporting standards, no impairment losses have been recorded for the years ended December 31, 2019 and 2018. Accordingly, the Organization will continue to monitor circumstances and events in future periods to determine whether any impairment is warranted.

Investments in Limited Partnerships

CHW owns a general partner interest in limited partnerships and is the sole member of limited liability companies that own a general partner interest in limited partnerships. These ownership interests range from .005% to .01%. are accounted for on the equity method as summarized in the supplementary schedule of real estate entities.

Other Assets and Amortization

Acquisition costs totaling \$71,899 and \$61,000 net of accumulated amortization totaling \$27,826 and \$26,273 at December 31, 2019 and 2018, respectively, are amortized using the straight-line method over the term of the related costs ranging from 48 to 480 months. Amortization expense totaled \$1,553 and \$1,382 for the years ended December 31, 2019 and 2018, respectively.

Compensated Absences

Accumulated unpaid vacation totaling \$316,785 and \$283,819 at December 31, 2019 and 2018, respectively, is accrued when incurred and included in accounts payable and accrued expenses.

Security Deposits

Security deposits are restricted to the extent of the security deposit liability totaling \$579,572 and \$539,678 at December 31, 2019 and 2018, respectively.

Debt Issuance Costs

Debt issuance costs are incurred in order to obtain permanent financing. Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized deferred financing costs are presented as a direct reduction from the carrying value of the related obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense (which is included in property operation cost in the statements of functional expenses) and totaled \$219,845 and \$279,738 for the years ended December 31, 2019 and 2018, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2 - Significant Accounting Policies: (Continued)

Derivative Instrument

The accounting and reporting standards related to Derivative Instruments and Hedging Activities requires that every derivative instrument be recorded on the balance sheet as either an asset or liability as measured at its fair value. The Organization's Interest Rate Swap Contract ("IRSC") related to the La Costa Paloma bonds discussed in Note 16 is considered a cash flow hedge and is measured at fair value. The gains and losses on cash flow hedges are recognized as an expense in the period of the change. The Organization enters into interest rate swaps to manage risks on the changes in market interest rates. The IRSC is considered a Level 2 asset or liability. For the valuation of the interest rate swap at December 31, 2019, the Organization used significant other observable inputs as of the valuation date (Level 2), including prices of instruments with similar maturities and characteristics, interest rate yield curves and measures of interest rate volatility. The value was determined and adjusted to reflect nonperformance risk of both the counterparty and the Organization. The change in the fair value of the IRSC liability is as follows for the year ended December 31, 2019:

| | |
|---|-------------------|
| Balance Acquired Through Partnership Acquisition | \$ 1,038,138 |
| Change in Fair Value of Obligation Under Interest Rate Swap | <u>(89,700)</u> |
| Balance at End of Year | <u>\$ 948,438</u> |

Revenue and Expense Recognition

Contributions are recognized when the donor makes a promise to give in writing to the Organization that is in substance, unconditional. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions are recorded as without donor restriction or with donor restriction, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When the stipulated time restriction ends or purpose restriction is accomplished donor restricted net assets are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

The Organization provides development services in connection with agreements for the development and construction of affordable low-income housing projects. The Organization earns fees based on the fixed-fee agreements and recognizes revenue upon completion of each performance milestone defined in the agreement, for example: closing of construction financing, initial ground-breaking, percentage of completion of construction or rehabilitation and certificate of occupancy.

Grants and contracts revenue are recognized in the period in which the related work is performed in accordance with the terms of the grant or contract. Grants receivable are recorded when revenue earned under a grant or contract exceeds the cash received. Deferred revenue is recorded when cash received under a grant or contract exceeds the revenue earned.

Management fees and program income are received in connection with management and services provided in accordance with agreements with affordable low-income housing projects. The Organization recognizes revenue as the services are performed in accordance with the agreements. Deferred management fees totaled \$247,208 and 292,161 at December 31, 2019 and 2018, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2 - Significant Accounting Policies: (Continued)

Revenue and Expense Recognition (Continued)

Rental income is recognized for apartment rentals, other rentals and laundry contracts as it accrues. Advance receipts of rental income and laundry contracts are deferred or classified as liabilities until earned. Deferred rental income totaled \$88,748 and \$61,798 at December 31, 2019 and 2018, respectively.

Sales of property and equipment are recognized on the date the sale occurs. These sales are described in Note 1 on page 11, in the normal course of business. Upon sale or disposition of land, buildings and equipment, the asset account is relieved of the cost and the accumulated depreciation is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings net of any costs of the sale.

Sales of property acquired and held for sale are recognized on the date the sale occurs. Upon sale, the asset account is relieved of the cost and any resultant gain or loss is credited or charged to earnings net of any cost of sale.

Rent expense is recognized on a straight-line basis over the term of the operating lease. The deferred lease liability represents discounted rent received in excess of the rent expense recognized. The deferred lease liability totaled \$254,064 and \$-0- at December 31, 2019 and 2018, respectively.

Donated Services and Equipment

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the consolidated financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended December 31, 2019 and 2018, did not meet the requirements above, therefore no amounts were recognized in the consolidated financial statements.

Esperanza received donated solar equipment that is installed and in use at four residential rental properties which has been recorded at fair value and totaled \$-0- and \$2,910,000 for the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses

The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of management and general costs that benefit multiple functional areas (indirect costs) have been allocated across Programs and Fundraising based on estimates made by management.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2 - Significant Accounting Policies: (Continued)

Income Taxes

The Organization, Esperanza, Escondido, Pine View and Maplewood/Ashwood (the “Entities”) are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Entities believe that they have appropriate support for any tax positions taken and, as such, do not have any uncertain tax positions that are material to the financial statements. The Entities are not private foundations.

No provision or benefit for income taxes for the Limited Liability Companies and Limited Partnerships have been included in these consolidated financial statements since taxable income (loss) passes through to, and is reportable by, the Member/Partners individually.

The Entities’ Returns of Organization Exempt from Income Tax for the years ended December 31, 2019, 2018, 2017 and 2016 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

Concentrations

The Organization maintains its cash in bank deposit accounts which at times exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization’s operations are concentrated in the multifamily real estate market. In addition, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Accounting Pronouncements Adopted

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2019. There was no effect of adopting the new accounting principles on contributions in 2019.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2 - Significant Accounting Policies: (Continued)

Accounting Pronouncements Adopted (Continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 outlines a single, comprehensive model for companies to use in accounting for revenue arising from contracts with customers. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. The change in accounting principle was adopted on the retrospective basis which resulted in no change to revenue previously reported and also had no effect on the revenue reported for the year ended December 31, 2019.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows*. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The adoption of ASU 2016-18 for the year ended December 31, 2019 required a restatement of cash and cash equivalents for December 31, 2018 and 2017. Amounts generally described as restricted cash and restricted cash equivalents have been included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows.

Reclassification

The Organization has reclassified certain prior year information to conform with the current-year presentation.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 20, 2020, the date the consolidated financial statements were available to be issued and concluded that there were no events or transactions that needed to be disclosed, except as disclosed in Note 20.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 3 - Liquidity and Availability:

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. The Organization receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure within one year are comprised of the following at December 31:

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| Financial assets at year-end: | | |
| Cash and cash equivalents | \$ 20,871,284 | \$ 17,816,866 |
| Investments | 8,801,430 | - |
| Grants and contracts receivable | 68,443 | 52,978 |
| Contributions receivable, net | 750 | 88,290 |
| Accounts receivable – related parties | 6,576,381 | 6,241,063 |
| Accounts receivable – other, net | 170,397 | 316,534 |
| Total financial assets | <u>36,488,685</u> | <u>24,515,731</u> |
| Less assets unavailable for general expenditures: | | |
| Contributions receivable, net – time restricted | - | (735) |
| Cash and investments held for board-designated purposes | <u>(12,686,293)</u> | <u>(12,121,646)</u> |
| Total financial assets not available to be used within one year | <u>(12,686,293)</u> | <u>(12,122,381)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 23,802,392</u> | <u>\$ 12,393,350</u> |

In addition to financial assets available to meet general expenditures over the next 12 months the Organization has a line-of-credit agreement with available borrowings totaling \$3,000,000 as described in Note 12. In addition, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

The Organization’s governing board has designated a portion of its resources without donor restrictions for an operating reserve and a Housing Futures Fund as described in Note 17. The amounts not expected to be used for operations within one year are identified as cash held for board-designated purposes in the table above. These funds are held in highly liquid cash and cash equivalents but remain available and may be spent at the discretion of the Board of Directors.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 4 – Investments and Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at December 31:

| | 2019 | | | Balance at December 31, 2019 |
|-------------------------------|--|---|--|------------------------------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| Investments: | | | | |
| Fixed income funds | \$ 1,867,816 | \$ - | \$ - | \$ 1,867,816 |
| Equity funds | 823,230 | - | - | 823,230 |
| Equities | 347,074 | - | - | 347,074 |
| U.S. Treasury bills | - | 4,737,948 | - | 4,737,948 |
| Corporate bonds | - | 1,025,362 | - | 1,025,362 |
| Total Investments | <u>3,038,120</u> | <u>5,763,310</u> | <u>-</u> | <u>8,801,430</u> |
| Restricted Reserves: (Note 7) | | | | |
| Fixed income funds | 125,834 | - | - | 125,834 |
| Equity funds | 49,043 | - | - | 49,043 |
| Corporate bonds | - | 140,074 | - | 140,074 |
| Total Restricted Reserves | <u>174,877</u> | <u>140,074</u> | <u>-</u> | <u>314,951</u> |
| | <u>\$ 3,212,997</u> | <u>\$ 5,903,384</u> | <u>\$ -</u> | <u>\$ 9,116,381</u> |
| | | | | |
| | 2018 | | | |
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Balance at December 31, 2018 |
| Restricted Reserves: (Note 7) | | | | |
| Fixed income funds | \$ 114,390 | \$ - | \$ - | \$ 114,390 |
| Equity funds | 44,603 | - | - | 44,603 |
| Corporate bonds | - | 136,382 | - | 136,382 |
| | <u>\$ 158,993</u> | <u>\$ 136,382</u> | <u>\$ -</u> | <u>\$ 295,375</u> |

The following schedule summarizes loan interest and investment income for the years ended December 31:

| | 2019 | 2018 |
|--|---------------------|---------------------|
| Interest income from lending | \$ 1,613,541 | \$ 1,248,748 |
| Interest and dividend income from investments and reserves | 323,425 | 178,042 |
| Net realized and unrealized gains from investments | 217,398 | - |
| Investment fees | (29,887) | - |
| Total Loan Interest and Investment Income | <u>\$ 2,124,477</u> | <u>\$ 1,426,790</u> |

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 5 - Contributions Receivable:

Contributions receivable consist of the following at December 31:

| | <u>2019</u> | <u>2018</u> |
|--|-------------|-------------|
| Current: | | |
| Due in less than one year | \$ 1,000 | \$ 94,055 |
| Less: Allowance for uncollectible receivables | (250) | (6,500) |
| Total Current | 750 | 87,555 |
| Noncurrent: | | |
| Due in one to five years | - | 1,000 |
| Less: Allowance for uncollectible and discounts to present value | - | (265) |
| Total Noncurrent | - | 735 |
| Total Contributions Receivable, Net | \$ 750 | \$ 88,290 |

The contributions receivable have been discounted to their present value using a discount rate of 1.50% at December 31, 2018.

Note 6 - Accounts Receivable - Related Parties:

CHW has provided development services with respect to various projects in which CHW has a general partner interest. In addition, CHW provides management, oversight and other services to these projects and projects with which CHW is affiliated. CHW has the following receivables from these projects for funds that have been advanced in relation to development or for contracted services provided as follows at December 31:

| | <u>2019</u> | <u>2018</u> |
|---|-------------|-------------|
| 15 th Avenue Housing Cooperative | \$ 5,928 | \$ 5,705 |
| Alabama Manor Housing Associates, L.P. | 93,776 | 92,881 |
| Cedar Nettleton Housing Associates, L.P. | 14,895 | 50,409 |
| Community Road Housing Associates, L.P. | 170,739 | 199,969 |
| Cypress Cove Housing Associates, L.P. | 133,765 | 86,880 |
| Delta Village Housing Associates, L.P. | 196,025 | 88,993 |
| Dove Family Housing Associates, L.P. | - | 52,657 |
| East Mountain Housing Associates, L.P. | 79,127 | 25,566 |
| El Norte Housing Associates, L.P. | 52,426 | 51,860 |
| Fallbrook View Housing Associates, L.P. | 277,153 | 214,781 |
| Florida Street Housing Associates, L.P. | 68,885 | 49,704 |
| Foothill Oak Housing Associates, L.P. | 71,644 | 69,558 |
| Fruit Avenue Housing Associates, L.P. | 131,494 | 1,999,486 |
| Keeler Court Housing Associates, L.P. | 1,954,339 | - |
| Kimball Tower Housing Associates, L.P. | 25,220 | - |
| Lindo Housing Associates, L.P. | 60,921 | 14,590 |
| Los Robles Community Housing Association | - | 20 |
| Mission Cove Seniors Housing Associates, L.P. | 380,433 | 338,549 |

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 6 - Accounts Receivable - Related Parties: (Continued)

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Monument Boulevard Housing Associates, LP | \$ 213,255 | \$ 1,870,851 |
| Morgan Tower Housing Associates, L.P. | 25,173 | - |
| Mountain View Housing Associates, L.P. | 92,490 | 13,261 |
| North Santa Fe Housing Associates, L.P. | 17,335 | 17,559 |
| Oak Knoll Housing Associates, L.P. | 38,760 | 35,769 |
| Paradise Creek Housing Partners, L.P. | 13,261 | - |
| Paradise Creek II Housing Partners, L.P. | 69,378 | 275,662 |
| Poway Villas Community Housing Association | 15,215 | 20 |
| Texas Street Senior Housing, L.P. | 303,406 | 571,019 |
| Tripp Avenue Housing Associates, L.P. | 1,911,868 | - |
| Turnagain Arms Community Housing Association | 10 | 20 |
| Turnagain Renaissance Housing Associates, L.P. | 49,646 | 49,646 |
| Woodcroft Street Housing Associates, L.P. | 109,814 | 65,648 |
| Total Accounts Receivable - Related Parties | <u>\$ 6,576,381</u> | <u>\$ 6,241,063</u> |

Note 7 - Restricted Reserves:

Restricted reserves are maintained in accordance with partnership, loan and other regulatory agreements. The restricted reserves consist of the following at December 31:

| | <u>2019</u> | <u>2018</u> |
|-----------------------------|---------------------|---------------------|
| Bandar Salaam Apartments | \$ 393,269 | \$ 356,392 |
| Daybreak/ Sunrise Place | 283,655 | 265,425 |
| Esperanza Garden Apartments | 420,782 | 404,091 |
| Eucalyptus View | 139,421 | 126,157 |
| Haley Ranch Estates | 1,770,426 | 1,655,597 |
| Hillside Village | 648,952 | 564,783 |
| La Costa Paloma | 960,281 | - |
| Marisol Apartments | 257,243 | 240,444 |
| Old Grove Apartments | 289,942 | 250,072 |
| Orange Place Apartments | 453,771 | 420,875 |
| Parkside Terrace Apartments | 894,922 | 829,939 |
| Parkview Terrace | - | 654,323 |
| Pine View Apartments | - | 190,474 |
| Total Restricted Reserves | <u>\$ 6,512,664</u> | <u>\$ 5,958,572</u> |

Restricted reserves are classified as follows in the statements of cash flows:

| | <u>2019</u> | <u>2018</u> |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 6,197,713 | \$ 5,663,197 |
| Investments | 314,951 | 295,375 |
| Total Restricted Reserves | <u>\$ 6,512,664</u> | <u>\$ 5,958,572</u> |

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 8 - Loans Receivable:

Loans were funded through various types of loan programs. CHW is no longer funding loans to borrowers. All loans are serviced by a third party under a servicing agreement. Loans receivable consist of the following at December 31:

| | <u>Interest Rates</u> | <u>Loan Terms</u> | <u>2019</u> | <u>2018</u> |
|---|-----------------------|-------------------|-------------------|-------------------|
| CDGB Revolving Loan Fund | 3.00%-6.00% | 20 years | \$ 40,000 | \$ 51,518 |
| Neighborhood Reinvestment Corporation | 3.00%-6.50% | 10 years | 229,041 | 333,790 |
| HSF/WM | 5.00%-6.50% | 30 years | 3,770 | 5,559 |
| Neighborhood Housing Services of America - Community Development Financial Institutions | 5.95%-6.50% | 10 to 30 years | 17,991 | 27,934 |
| First Mortgage | 6.25% | 30 years | <u>229,238</u> | <u>236,409</u> |
| Total Loans Receivable | | | 520,040 | 655,210 |
| Less: Allowance for Collection Losses | | | <u>(52,000)</u> | <u>(65,500)</u> |
| Loans Receivable, Net | | | <u>\$ 468,040</u> | <u>\$ 589,710</u> |

Accrued interest on loans receivable totaled \$25,377 and \$37,421 at December 31, 2019 and 2018, respectively.

Note 9 - Notes Receivable - Related Parties:

Notes receivable - related parties consist of the following at December 31:

| | <u>2019</u> | <u>2018</u> |
|--|-------------|-------------|
| The Organization loaned \$270,000 from a Neighborhood Reinvestment Corporation capital contribution to Alabama Manor Housing Associates, L.P. The note receivable from Alabama Manor Housing Associates, L.P. is noninterest bearing. Principal is due at maturity on December 31, 2064. | \$ 270,000 | \$ 270,000 |
| The note receivable from Cedar Nettleton Housing Associates, L.P. in the original amount of \$2,731,129 bears interest at 3.8% compounded annually. Principal and interest are payable from residual receipts determined on an annual basis. Principal and accrued interest are due December 31, 2073. Accrued interest totaled \$254,239 and \$217,024 at December 31, 2019 and 2018, respectively. | 2,731,129 | 2,731,129 |

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 9 - Notes Receivable - Related Parties: (Continued)

| | <u>2019</u> | <u>2018</u> |
|---|-------------|-------------|
| The note receivable from Cedar Nettleton Housing Associates, L.P. in the original amount of \$513,201 bears interest at 3.8% compounded annually. Principal and interest are payable from residual receipts determined on an annual basis. Principal and accrued interest are due December 31, 2073. Accrued interest totaled \$61,832 and \$40,780 at December 31, 2019 and 2018, respectively. | \$ 513,201 | \$ 513,201 |
| The note receivable from Cedar Nettleton Housing Associates, L.P. in the original amount of \$858,689 is noninterest bearing. Principal is payable from residual receipts determined on an annual basis. Principal is due no later than December 31, 2073. | 623,587 | 623,587 |
| The deferred developer fee from Cypress Cove Housing Associates, L.P. bears interest at 4% compounded annually. Accrued interest totaled \$25,464 and \$41,130 at December 31, 2019 and 2018, respectively. | 521,853 | 759,957 |
| The Organization loaned \$300,000 from a Neighborhood Reinvestment Corporation capital contribution to Delta Village Housing Associates, L.P. The note receivable from Delta Village Housing Associates, L.P. is noninterest bearing. Payments of principal shall be paid from surplus cash calculated annually. Any unpaid principal is due November 1, 2035. | 300,000 | 300,000 |
| The note receivable from East Mountain Housing Associates, L.P. in the original amount of \$1,885,000 bears interest at 2.57%. No payments shall be due until the maturity date provided that following the repayment of the \$760,000 loan above, annual payments shall be made equal to 25% of residual receipts until the senior note is paid in full and then, 100% of residual receipts. Principal and accrued interest are due February 1, 2072. Accrued interest totaled \$109,146 and \$72,888 at December 31, 2019 and 2018, respectively. | 1,326,789 | 1,326,789 |
| The note receivable from El Norte Housing Associates, L.P. in the original amount of \$462,889 bears interest at 3%. Beginning in 2014, payments from residual receipts (100%) generated in the preceding year are due by April 30, with any remaining principal and accrued interest due December 31, 2068. Accrued interest totaled \$49,309 and \$41,366 at December 31, 2019 and 2018, respectively. | 462,889 | 462,889 |
| The note receivable from Foothill Oak Housing Associates, L.P. in the original amount of \$25,000 bears interest at 4.32%. Principal and accrued interest are due December 31, 2067. Accrued interest totaled \$2,538 and \$2,185 at December 31, 2019 and 2018, respectively. | 6,000 | 6,000 |

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 9 - Notes Receivable - Related Parties: (Continued)

| | <u>2019</u> | <u>2018</u> |
|--|--------------|--------------|
| The deferred developer fee from Fruit Avenue Housing Associates, LP bears interest at 1.53% annually. Accrued interest totaled \$116,397 and \$58,198 at December 31, 2019 and 2018, respectively. | \$ 3,803,819 | \$ 3,803,819 |
| The note receivable from Fruit Avenue Housing Associates, LP in the original amount of \$8,251,620 bears interest at 2.26% compounded annually. Principal and interest are payable from residual receipts determined on an annual basis. Principal and accrued interest are due December 31, 2073. Accrued interest totaled \$580,394 and \$385,202 at December 31, 2019 and 2018, respectively. | 8,251,620 | 8,251,620 |
| The note receivable from Keeler Court Housing Associates, L.P. in the original amount of \$700,000 is noninterest bearing. Principal is payable from residual receipts determined on an annual basis. Principal is due no later than December 1, 2074. | 700,000 | - |
| The note receivable from Lindo Housing Associates, L.P. in the original amount of \$2,246,408 bears interest at 2.57%. Principal and interest are payable from residual receipts determined on an annual basis. Principal and accrued interest are due December 31, 2072. Accrued interest totaled \$71,316 and \$60,551 at December 31, 2019 and 2018, respectively. | 2,133,540 | 2,133,540 |
| The note receivable from Mission Cove Seniors Housing Associates, L.P. in the original amount of \$50,000 bears interest at 5%. Principal and interest are payable from residual receipts determined on an annual basis beginning in 2018. Principal and accrued interest are due 55 years from the close of the permanent loan, but not later than December 31, 2073. Accrued interest totaled \$2,141 and \$9,210 at December 31, 2019 and 2018, respectively. | 22,167 | 50,000 |
| Deferred developer fee from Monument Boulevard Housing L.P. | 3,093,856 | 3,093,853 |

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 9 - Notes Receivable - Related Parties: (Continued)

| | <u>2019</u> | <u>2018</u> |
|---|--------------|--------------|
| The note receivable from Monument Boulevard Housing, L.P. in the original amount of \$9,917,907 bears interest at 2.58% compounded annually. Principal and interest are payable from residual receipts determined on an annual basis. Principal and accrued interest are due no later than July 1, 2062. Accrued interest totaled \$99,456 and \$349,149 at December 31, 2019 and 2018, respectively. | \$ 8,619,590 | \$ 9,917,907 |
| The note receivable from North Santa Fe Housing Associates, L.P. in the original amount of \$370,120 bears interest at 4%. Beginning in the calendar year following receipt of a certificate of occupancy for the Project, payments from residual receipts generated in the preceding year are due by May 1, with any remaining principal and accrued interest due December 31, 2075. Accrued interest totaled \$54,792 and \$67,259 at December 31, 2019 and 2018, respectively. | 370,120 | 370,120 |
| The Organization loaned \$210,000 to Oak Knoll Housing Associates, L.P. The note receivable from Oak Knoll Housing Associates, L.P. is noninterest bearing. Payments of principal shall be paid from surplus cash calculated annually. Any unpaid principal is due May 1, 2064. | 210,000 | 210,000 |
| The note receivable from Texas Street Senior Housing Associates, L.P. in the original amount of \$2,727,985 bears interest at 2.24% compounded annually. Principal and interest are payable annually from residual receipts determined on an annual basis beginning no later than June 1, 2019 for the calendar year ended December 31, 2018. Principal and accrued interest are due no later than December 31, 2073. Accrued interest totaled \$8,788 and \$151,233 at December 31, 2019 and 2018, respectively. | 2,011,028 | 2,727,985 |
| The note receivable from Texas Street Senior Housing Associates, L.P. in the original amount of \$750,000 bears interest at 2.24% compounded annually. Principal and accrued interest are due July 1, 2073. Accrued interest totaled \$59,309 and \$41,578 at December 31, 2019 and 2018, respectively. | 750,000 | 750,000 |
| The note receivable from Tripp Avenue Housing Associates L.P. in the original amount of \$28,256,476 bears interest at 2.09% per annum. Principal and interest are payable from residual receipts determined on an annual basis. Principal and accrued interest are due December 1, 2064. Accrued interest totaled \$30,741 and \$-0- at December 31, 2019 and 2018, respectively. | 28,256,476 | - |

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 9 - Notes Receivable - Related Parties: (Continued)

| | <u>2019</u> | <u>2018</u> |
|--|-------------|-------------|
| The note receivable from Turnagain Renaissance Housing Associates L.P. in the original amount of \$200,000 bears interest at 4.32% per annum. Payments of principal and interest are due at maturity on December 31, 2064. Accrued interest totaled \$96,200 and \$87,560 at December 31, 2019 and 2018, respectively. | \$ 200,000 | \$ 200,000 |

| | | |
|---|----------------|----------------|
| The note receivable from Woodcroft Street Housing Associates, L.P. in the original amount of \$1,500,000 bears interest at 4.00%. Interest is payable annually beginning May 1, 2014. Principal and accrued interest are due March 1, 2054. Secured by a deed of trust. Accrued interest totaled \$66,800 and \$39,708 at December 31, 2019 and 2018, respectively. | <u>677,307</u> | <u>677,307</u> |
|---|----------------|----------------|

Total Notes Receivable - Related Parties

| | | |
|--|----------------------|----------------------|
| | <u>\$ 65,854,968</u> | <u>\$ 39,179,703</u> |
|--|----------------------|----------------------|

There are no required payments due in the next five years. Accrued interest totaled \$1,775,687 and \$1,723,859 at December 31, 2019 and 2018, respectively.

Note 10 - Property and Equipment:

Property and equipment consist of the following at December 31:

| | <u>2019</u> | <u>2018</u> |
|--------------------------------|----------------------|----------------------|
| Land | \$ 18,522,905 | \$ 17,858,984 |
| Buildings and improvements | 95,971,204 | 98,060,733 |
| Equipment | 38,148 | 375,537 |
| Furniture and fixtures | 4,796,806 | 4,345,389 |
| Vehicles and trailer | 3,483 | 3,483 |
| Construction in progress | <u>4,468,649</u> | <u>3,968,310</u> |
| Subtotal | 123,801,195 | 124,612,436 |
| Less: Accumulated depreciation | <u>(45,798,998)</u> | <u>(37,081,218)</u> |
| Property and Equipment, Net | <u>\$ 78,002,197</u> | <u>\$ 87,531,218</u> |

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 11 - Investments in Limited Partnerships:

The Organization owns partner interests in limited partnerships accounted for on the equity method. The following are the balances in the Organization's partnership capital accounts at December 31:

| | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|
| Alabama Manor Housing Associates, L.P. (.01%) | \$ (336) | \$ (324) |
| Cedar Nettleton Housing Associates, L.P. (.01%) | 30,211 | 30,233 |
| Community Road Housing Associates, L.P. (.01%) | (496) | (459) |
| Cypress Cove Housing Associates, L.P. (.01%) | 131,602 | 98,199 |
| Delta Village Housing Associates, L.P. (.01%) | (224,009) | 230,120 |
| Dove Family Housing Associates, L.P. (.005%) | - | (450) |
| East Mountain Housing Associates, L.P. (.01%) | 26,363 | 26,400 |
| El Norte Housing Associates, L.P. (.01%) | 249,801 | 249,836 |
| Fallbrook View Housing Associates, L.P. (.01%) | 9,280 | (677) |
| Florida Street Housing Associates, L.P. (.01%) | 944,139 | 944,245 |
| Foothill Oak Housing Associates, L.P. (.01%) | (155) | (112) |
| Fruit Avenue Housing Associates, L.P. (.01%) | 74,874 | 62 |
| Keeler Court Housing Associates, L.P. (.01%) | 100 | - |
| Kimball Tower Housing Associates, L.P. (.005%) | 64 | - |
| Lindo Housing Associates, L.P. (.01%) | 473,984 | 474,028 |
| Mission Cove Seniors Housing Associates, L.P. (.01%) | 41,491 | 41,540 |
| Monument Boulevard Housing Associates, L.P. (.01%) | 776,830 | 717,486 |
| Morgan Tower Housing Associates, L.P. (.005%) | 69 | - |
| Mountain View Housing Associates, L.P. (.01%) | 577,040 | 577,086 |
| North Santa Fe Housing Associates, L.P. (.01%) | (334) | (247) |
| Oak Knoll Housing Associates, L.P. (.01%) | 362,585 | 362,600 |
| Paradise Creek Housing Partners, L.P. (.005%) | (377) | (158) |
| Paradise Creek II Housing Partners, L.P. (.005%) | 4,549,908 | 4,549,979 |
| Preservation Investment – Parkside Terrace LLC (25%) | 2,073,947 | 1,704,450 |
| Poway Villas Housing Associates, L.P. (.01%) | (3,402) | (3,323) |
| Solutions Family Center, L.P. (1%) | (10,463) | (7,802) |
| Texas Street Senior Housing, L.P. (.01%) | 1,556,559 | 1,556,662 |
| Tripp Avenue Housing Associates, L.P. (.01%) | 262,167 | - |
| Turnagain Renaissance Housing Associates, L.P. (.01%) | 2,132 | 2,180 |
| Woodcroft Street Housing Associates, L.P. (.01%) | (256,535) | (256,501) |
| | <u>\$ 11,647,039</u> | <u>\$ 11,295,053</u> |

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 11 - Investments in Limited Partnerships: (Continued)

CHW provided development, management and other services to these partnerships for which it earned the following amounts for the years ended December 31:

| | 2019 | | |
|--|--------------------|----------------------|---------------------|
| | Management Fees | Resident Services | Developer Fees |
| Alabama Manor Housing Associates, L.P. | \$ 22,326 | \$ 59,664 | \$ - |
| Cedar Nettleton Housing Associates, L.P. | 13,261 | 38,625 | - |
| Community Road Housing Associates, L.P. | 37,776 | 22,250 | - |
| Cypress Cove Housing Associates, L.P. | 27,318 | 106,090 | - |
| Delta Village Housing Associates, L.P. | 125,094 | 50,000 | - |
| East Mountain Housing Associates, L.P. | 33,766 | 23,734 | - |
| El Norte Housing Associates, L.P. | 23,194 | 30,000 | - |
| Fallbrook View Housing Associates, L.P. | 35,399 | 63,972 | - |
| Florida Street Housing Associates, L.P. | 47,301 | 48,696 | - |
| Foothill Oak Housing Associates, L.P. | 71,644 | - | - |
| Fruit Housing Associates, L.P. | 5,198 | - | - |
| Keeler Court Housing Associates, L.P. | - | - | 1,836,979 |
| Kimball Tower Housing Associates, L.P. | 25,000 | - | 700,000 |
| Lindo Housing Associates, L.P. | 28,139 | 49,173 | - |
| Mission Cove Seniors Housing Associates, L.P. | 89,396 | 51,250 | - |
| Monument Boulevard Housing Associates, L.P. | 25,750 | - | - |
| Morgan Tower Housing Associates, L.P. | 25,000 | - | 560,000 |
| Mountain View Housing Associates, L.P. | 63,315 | 17,213 | - |
| North Santa Fe Housing Associates, L.P. | 16,557 | 43,032 | - |
| Oak Knoll Housing Associates, L.P. | 29,200 | 14,600 | - |
| Paradise Creek Housing Partners, L.P. | 32,295 | 60,000 | - |
| Paradise Creek II Housing Partners, L.P. | 32,111 | 61,800 | - |
| Poway Villas Housing Associates, L.P. | 22,467 | - | - |
| Texas Street Senior Housing, L.P. | 15,450 | 54,338 | - |
| Turnagain Renaissance Housing Associates, L.P. | - | - | - |
| Tripp Avenue Housing Associates, L.P. | 22,486 | - | 3,283,175 |
| Woodcroft Street Housing Associates, L.P. | 52,169 | 18,487 | - |
| | <u>\$ 921,612</u> | <u>\$ 812,924</u> | <u>\$ 6,380,154</u> |

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 11 - Investments in Limited Partnerships: (Continued)

| | 2018 | | |
|--|--------------------|----------------------|---------------------|
| | Management Fees | Resident Services | Developer Fees |
| Alabama Manor Housing Associates, L.P. | \$ 21,888 | \$ 57,931 | \$ - |
| Cedar Nettleton Housing Associates, L.P. | 12,875 | 37,500 | - |
| Community Road Housing Associates, L.P. | 36,499 | 22,250 | - |
| Cypress Cove Housing Associates, L.P. | 26,522 | 103,000 | - |
| Delta Village Housing Associates, L.P. | 38,993 | 50,000 | - |
| Dove Family Housing Associates, L.P. | 52,657 | 133,900 | - |
| East Mountain Housing Associates, L.P. | 32,782 | 21,852 | - |
| El Norte Housing Associates, L.P. | 22,628 | 30,900 | - |
| Fallbrook View Housing Associates, L.P. | 34,404 | 36,050 | - |
| Florida Street Housing Associates, L.P. | 41,529 | 47,277 | - |
| Foothill Oak Housing Associates, L.P. | 69,558 | - | - |
| Fruit Housing Associates, L.P. | 5,047 | - | - |
| Lindo Housing Associates, L.P. | 27,319 | 47,741 | - |
| Mission Cove Seniors Housing Associates, L.P. | 32,963 | 36,667 | 600,000 |
| Monument Boulevard Housing Associates, L.P. | 25,000 | - | 5,548,400 |
| Mountain View Housing Associates, L.P. | 13,261 | 16,068 | - |
| North Santa Fe Housing Associates, L.P. | 16,153 | 41,577 | - |
| Oak Knoll Housing Associates, L.P. | 28,213 | 14,106 | - |
| Paradise Creek Housing Partners, L.P. | 25,000 | 61,500 | - |
| Paradise Creek II Housing Partners, L.P. | - | 25,000 | 325,000 |
| Poway Villas Housing Associates, L.P. | 22,467 | - | - |
| Texas Street Senior Housing, L.P. | 15,000 | 52,500 | - |
| Turnagain Renaissance Housing Associates, L.P. | 22,486 | - | - |
| Woodcroft Street Housing Associates, L.P. | 50,648 | 54,636 | - |
| | <u>\$ 673,892</u> | <u>\$ 890,455</u> | <u>\$ 6,473,400</u> |

In addition, the Organization earned interest on advances and notes receivable to related entities totaling \$1,592,924 and \$1,223,064 for the years ended December 31, 2019 and 2018, respectively.

Note 12 – Lines-of-Credit

The unsecured revolving line of credit note, which was originated on March 28, 2019, is held by Pacific Premier Bank in the original amount of \$2,000,000 and bears interest at the WSJ prime rate per annum (4.75% at December 31, 2019). Interest is payable monthly. The line-of-credit note expires April 1, 2020. The outstanding balance on the line-of-credit totaled \$2,000,000 and \$-0- at December 31, 2019 and 2018, respectively.

The unsecured revolving line of credit note which was originated on October 27, 2014, is held by Western Alliance Bank in the original amount of \$2,000,000 and bears interest at the index rate plus 1% per annum. Interest is payable monthly. The line-of-credit note expired September 15, 2019 and was renewed on February 4, 2020 with an expiration date of September 15, 2021. There was no outstanding balance on the line-of-credit at December 31, 2019 and 2018.

The secured revolving line of credit note, which was originated on May 29, 2014, is held by JPMorgan Chase Bank, N.A. in the original amount of \$1,500,000 and bears interest at the index rate plus 4.309% per annum. Interest is payable monthly. The line-of-credit note expires January 25, 2021. There was no outstanding balance on the line-of-credit at December 31, 2019 and 2018.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 13 - Notes Payable – Amortized Debt

Notes payable – amortized debt consists of the following at December 31:

| <u>Community HousingWorks</u> | <u>2019</u> | <u>2018</u> |
|--|--------------------|--------------------|
| The note payable, which was originated on November 24, 2015, is held by the San Diego Housing Commission in the original amount of \$121,871. The note is noninterest bearing. Principal is payable in annual installments of \$30,468 beginning June 30, 2016 through the maturity date of June 30, 2019. Unsecured. | \$ - | \$ 30,468 |
| The note payable, which was originated on July 7, 2008, is held by Northern Trust Company in the original amount of \$1,000,000. The note bears interest at 2% per annum. Principal and accrued interest are due July 30, 2023. Unsecured. | 1,000,000 | 1,000,000 |
| The note payable, which was originated on August 13, 2013, is held by Union Bank, N.A. in the original amount of \$750,000, and bears interest at 2.50% per annum. Interest is payable quarterly. Principal and accrued interest are due September 1, 2019. The loan may be extended for an additional twelve (12) months. Unsecured. | 750,000 | 750,000 |
| The note payable, which was originated March 25, 2015, is held by Union Bank, N.A. in the original amount of \$650,000, and bears interest at 2% per annum. Interest is payable quarterly. Principal and accrued interest are due April 1, 2020. Unsecured. | 650,000 | 650,000 |
| The note payable, which was originated on January 31, 2011 is held by Sunwest Bank in the original amount of \$250,000, and bears interest at 3.0% per annum. Interest is payable quarterly. Principal and accrued interest are due January 31, 2021. Unsecured. | 250,000 | 250,000 |
| The note payable, which was originated on March 17, 2016, is held by Poway Villas Community Housing Association in the original amount of \$2,500,000, and bears interest at 3.00% per annum. Interest is payable quarterly. Principal and accrued interest are due April 1, 2021. Unsecured. | 2,500,000 | 2,500,000 |
| The note payable, which was originated on March 5, 2019, is held by the Wells Fargo Bank, N.A. in the original amount of \$500,000, and bears interest at 2% per annum. Interest is payable quarterly and principal payments of \$62,500 are due quarterly beginning March 2023 through the maturity date of March 5, 2025. Unsecured. | 500,000 | - |
| Total Community HousingWorks | 5,650,000 | 5,180,468 |

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 13 - Notes Payable – Amortized Debt: (Continued)

Partnership and Limited Liability Companies

2019

2018

Kalmia Street Housing Associates, L.P.

The note payable, which was originated on July 29, 2015, is held by the Community Housing Capital, Inc. in the original amount of \$822,500, and bears interest at 5.50%, payable monthly. Principal and accrued interest are due July 29, 2019. Secured by a deed of trust.

\$ - \$ 822,500

Keeler Court Housing Associates, L.P.

The note payable, which was originated on May 31, 2018, is held by the City of San Diego in the original amount of \$750,000, and bears interest at 3.00%, payable at maturity. Principal and accrued interest are due on the close of escrow.

 - 750,000
 - 1,572,500

Total Partnership and Limited Liability Companies

Esperanza Housing and Community Development Corporation

The note payable, which was originated in December 2003, is held by JPMorgan Chase Bank in the original amount of \$1,500,000, and bears interest at 7.74% per annum. Principal and interest are payable in monthly installments of \$10,736 commencing January 1, 2004. Principal and accrued interest are due December 1, 2033. Secured by a deed of trust on Hillside Village.

1,099,290 1,141,255

The note payable, which was originated on December 7, 2016, is held by the Community Housing Capital, Inc. in the original amount of \$7,470,000. Interest-only payments and interest at 5.50% per annum are due monthly for the first thirty-six (36) months. Beginning with the thirty-seventh (37th) month of the term of the note, the interest rate will be modified for the remaining twenty-four (24) months of the term of the note, to an amount equal to the prime rate of interest as published in the Wall Street Journal on the date that is closest to the end of the thirty-six (36) month anniversary of the term of the note plus 2.00% per annum, provided, however, that the interest rate for the remaining twenty-four (24) month term of the note shall not be less than the base rate or more than 6.25% per annum. Principal and accrued interest are due no later than December 7, 2021. Secured by a deed of trust on Ulric Apartments.

7,470,000 7,470,000

The mortgage note, which was originated on May 7, 2004, is held by CalHFA in the original amount of \$980,000, and bears interest at 5.25% per annum. Principal and interest are payable in the amount of \$5,412 each month through May 2034. Secured by a deed of trust on Old Grove Apartments.

658,224 687,760

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 13 - Notes Payable – Amortized Debt: (Continued)

Esperanza Housing and Community Development Corporation
(Continued)

2019

2018

The mortgage note, which was originated on December 1, 2003, is held by the City of Oceanside in the original amount of \$718,000, and bears interest at 3% per annum. Principal and interest are payable in the amount of \$3,982 each month through December 1, 2023. Secured by a deed of trust on Old Grove Apartments.

\$ 176,369 \$ 218,180

The first mortgage note, which was originated on March 3, 1994, is held by CitiCorp in the original amount of \$210,000. The notes bears interest at 4.93%. Monthly installments of principal and interest are based on a 30-year amortization of the original note balance and are payable by the Partnership in the amount of \$1,292 each month through April 1, 2024. Secured by a deed of trust on Daybreak Grove / Sunrise Place Apartments.

55,782 67,052

The first mortgage note is held by Pacific Life in the original amount of \$614,000. The note bears interest at 9.27% per annum. Monthly installments of principal and interest are based on a 30-year amortization of the original note balance and are payable by the Partnership in the amount of \$5,060 each month through October 1, 2027. Secured by a deed of trust on Orange Place Apartments.

326,188 358,879

The first mortgage note, which was originated on November 5, 1998, is held by Pacific Life in the original amount of \$1,945,820. The note bears interest at 8.24% per annum. Monthly installments of principal and interest are based on a 30-year amortization of the original note balance and are payable by the partnership in the amount of \$14,605 each month through December 1, 2028. Secured by a deed of trust on Parkview Terrace.

1,111,169 1,191,245

The first mortgage note is held by Bank of America in the original amount of \$953,000. The note bears interest at 8.76% per annum. Monthly installments of principal and interest are based on a 30-year amortization of the original note balance and are payable by the partnership in the amount of \$7,504 each month through October 1, 2031. Secured by a deed of trust on Bandar Salaam Apartments.

662,007 692,593

(Continued)

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 13 - Notes Payable – Amortized Debt: (Continued)

Esperanza Housing and Community Development Corporation
(Continued)

2019

2018

The bonds payable, which were originated on June 1, 2003, are held by the City of Carlsbad in the original amount of \$20,000,000, and bear interest at a variable rate determined weekly. Accrued interest is payable monthly. The principal of each bond is payable upon the presentation and surrender of such bond, when due through June 1, 2046. Secured by all of the revenues of La Costa Paloma and a letter of credit (Note 18). An IRSC agreement, effective July 1, 2005, effectively fixed the interest rate on the bonds payable at 4.309% until the termination date of July 1, 2022 (Note 16).

\$ 12,415,000 \$ -

The note payable, which was originated on December 16, 2019, is held by Neighborworks Capital in the original amount of \$3,645,000, and bears interest at 5.75% per annum. Interest only payments are payable monthly. Principal and accrued interest are due no later than December 1, 2023. Secured by a deed of trust on Las Haciendas..

3,645,000 -

The note payable, which was originated on December 16, 2019, is held by Neighborworks Capital in the original amount of \$1,200,000 (\$5,453 advanced at December 31, 2019), and bears interest at 5.50% per annum. Interest only payments are payable monthly. Principal and accrued interest are due no later than December 1, 2023. Secured by a deed of trust on Las Haciendas.

5,453 -

The note payable, which was originated on March 22, 2017, is held by Jones Lang LaSalle Multifamily, LLC in the original amount of \$31,000,000. Payments of interest only at the variable rate of LIBOR plus 2.69% (4.06188% at December 31, 2017) adjusted monthly are payable monthly beginning on May 1, 2017 through the maturity date. Principal and accrued interest are due October 1, 2019. Secured by a deed of trust on Parkside Terrace Apartments.

- 31,000,000

The note payable, which was originated on March 22, 2017, is held by the Parkside Terrace, LLC in the original amount of \$8,750,000, and bears interest at 10%. Principal and interest are payable from cash flow determined on a quarterly basis. Principal and accrued interest are due no later than December 31, 2021. Collateralized by a deed of trust on Parkside Terrace Apartments.

- 8,344,552

Total Esperanza Housing and Community Development Corporation

27,624,482 51,171,516

Less: Unamortized debt issuance costs

(430,407) (276,365)

Total Esperanza Housing and Community Development Corporation, Net

27,194,075 50,895,151

Total Notes Payable – Amortized Debt, Net

\$ 32,844,075 \$ 57,648,119

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 13 - Notes Payable – Amortized Debt: (Continued)

Debt issuance costs total \$776,631 and \$815,215, less accumulated amortization of \$346,224 and \$538,850, at December 31, 2019 and 2018, respectively.

The future principal payments on the notes payable – amortized debt are as follows:

| <u>Years Ended</u> <u>December 31</u> | |
|--|-----------------------------|
| 2020 | \$ 1,886,050 |
| 2021 | 10,725,630 |
| 2022 | 526,680 |
| 2023 | 5,196,232 |
| 2024 | 515,527 |
| Thereafter | 14,424,363 |
| Less: Unamortized debt issuance costs | <u>(430,407)</u> |
| Total | <u><u>\$ 32,844,075</u></u> |

Note 14 - Notes Payable - Residual Receipts Debt:

The Organization obtains financing through notes that are repayable from a percentage of the annual residual receipts generated by the related property. Payments are applied first to any unpaid accrued interest, and then to principal. Interest accrued on these notes based on the stated rate in the note agreement with interest rates ranging from 0% to 11.5%. These notes are each secured by a deed of trust on the property indicated below.

Debt issuance costs total \$14,467 and \$10,767, less accumulated amortization of \$7,500 and \$7,230, at December 31, 2019 and 2018, respectively.

The notes payable and accrued interest consist of the following at December 31:

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 14 - Notes Payable – Residual Receipts Debt: (Continued)

| | Property | Rate | Maturity Date | 2019 | | 2018 | |
|---|------------------------|-------|-------------------|---------------|---------------|---------------|---------------|
| | | | | Interest | Principal | Interest | Principal |
| Community HousingWorks: | | | | | | | |
| City of Escondido | Las Casitas Maple | 0% | December 31, 2029 | \$ - | \$ 170,000 | \$ - | \$ 170,000 |
| City of Escondido | Las Casitas Maple | 3% | February 1, 2039 | 113,957 | 182,355 | 108,486 | 182,355 |
| City of Escondido | Las Casitas Washington | 3% | March 2, 2039 | 76,250 | 122,000 | 72,590 | 122,000 |
| SD Dept. of Housing and Community Development | Las Casitas Washington | 0% | October 29, 2022 | - | 73,500 | - | 98,000 |
| Western Alliance Bank (AHP) | North Park Seniors | 0% | January, 2033 | - | 750,000 | - | 750,000 |
| MUFG Union Bank (AHP) | Keeler Court | 0% | December 1, 2074 | - | 700,000 | - | - |
| Esperanza Housing and Community Development Corporation: | | | | | | | |
| San Diego Housing Commission | Bandar Salaam | 3% | July 2055 | 1,170,221 | 2,100,000 | 1,105,977 | 2,100,000 |
| First Republic Bank (AHP) | Bandar Salaam | 0% | July 2032 | - | 482,000 | - | 482,000 |
| CA Dept. of Housing and Community Development | Daybreak Grove/Sunrise | 3% | February 1, 2054 | 577,008 | 846,000 | 572,792 | 846,000 |
| City of Escondido | Daybreak Grove/Sunrise | 3% | December 4, 2021 | 380,202 | 502,407 | 376,212 | 502,407 |
| City of Escondido | Eucalyptus View | 3% | October 2055 | 50,033 | 125,000 | 46,283 | 125,000 |
| City of Escondido | Eucalyptus View | 3% | October 2055 | 256,411 | 480,945 | 241,983 | 480,945 |
| California Housing Finance Agency | Eucalyptus View | 0% | November 1, 2056 | - | 63,092 | - | 63,092 |
| Poway Housing Authority | Hillside Village | 3% | June 2058 | 1,548,491 | 3,930,370 | 1,430,579 | 3,930,370 |
| JPMorgan Chase Bank (AHP) | Hillside Village | 0% | December 1, 2021 | - | 280,000 | - | 280,000 |
| Real Estate Collateral Management Company | La Costa Paloma | 0% | April 1, 2060 | - | 640,021 | - | - |
| County of San Diego | Marisol Apartments | 3% | January 15, 2052 | 169,895 | 249,746 | 164,321 | 249,746 |
| City of Oceanside | Marisol Apartments | 0% | February 20, 2052 | - | 310,797 | - | 310,797 |
| City of Oceanside | Marisol Apartments | 0% | August 19, 2036 | - | 70,000 | - | 70,000 |
| County of San Diego | Marisol Apartments | 3% | February 20, 2052 | 253,182 | 400,000 | 247,418 | 400,000 |
| SD Dept. of Housing and Community Development | Old Grove Apartments | 3% | September 1, 2058 | 108,000 | 200,000 | 102,000 | 200,000 |
| City of Oceanside | Old Grove Apartments | 3% | August 2058 | 598,675 | 1,385,000 | 573,844 | 1,385,000 |
| Bank of America (AHP) | Old Grove Apartments | 0% | December 1, 2019 | - | 534,654 | - | 534,654 |
| California Housing Finance Agency | Old Grove Apartments | 0% | May 2059 | - | 96,160 | - | 96,160 |
| CA Dept. of Housing and Community Development | Old Grove Apartments | 3% | May 2059 | 886,378 | 2,490,000 | 851,858 | 2,490,000 |
| City of Escondido | Orange Place | 3% | July 20, 2050 | 260,877 | 400,000 | 248,877 | 400,000 |
| City of Escondido | Orange Place | 3% | February 11, 2051 | 494,204 | 763,516 | 471,299 | 763,516 |
| City of Escondido | Orange Place | 0% | December 31, 2049 | - | 250,000 | - | 250,000 |
| Bank of America (AHP) | Parkview Terrace | 0% | October 1, 2054 | - | 90,000 | - | 90,000 |
| SDCF Charitable Real Estate Fund | Parkview Terrace | 5.5% | March 15, 2039 | 3,378,246 | 3,708,006 | 3,183,229 | 3,708,006 |
| City of Escondido | Windsor Gardens | 2.21% | May 2075 | 83,072 | 14,000,000 | - | - |
| City of Escondido | Windsor Gardens | 3.0% | May 2075 | 7,200 | 900,000 | - | - |
| Escondido Family Housing Corporation: | | | | | | | |
| CA Dept. of Housing and Community Development | Esperanza Gardens | 3% | May, 2035 | 532,373 | 1,000,000 | 512,373 | 1,000,000 |
| Community Housing Solutions: | | | | | | | |
| County of San Diego | Pine View Apartments | 3% | April 1, 2045 | - | - | 1,079,497 | 2,623,000 |
| County of San Diego | Pine View Apartments | 3% | July 1, 2064 | - | - | 184,027 | 714,276 |
| Low Income Investment Fund | Pine View Apartments | 11.5% | Indefinite | - | - | 1,004,645 | 707,531 |
| Total Notes Payable - Residual Receipts Debt | | | | 10,944,675 | 38,295,569 | 12,578,290 | 26,124,855 |
| Less: Unamortized debt issuance costs | | | | - | (6,967) | - | (3,537) |
| Total Notes Payable - Residual Receipts Debt, Net | | | | \$ 10,944,675 | \$ 38,288,602 | \$ 12,578,290 | \$ 26,121,318 |

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 15 - Bonds Payable - Pine View:

The bonds payable totaled \$-0- and \$7,076,817 net of debt issuance costs of \$-0- and \$126,770 at December 31, 2019 and 2018, respectively. The bonds were repaid in full on July 1, 2019, when Pine View sold the property.

Note 16 - Interest Rate Swap Contract:

The bonds payable for La Costa Paloma to the City of Carlsbad bear interest at a variable rate determined weekly. To minimize the effect of changes in the prime rate, an interest rate swap contract (swap) was entered into under which interest is paid at a fixed rate of 4.309% beginning on the effective date of the swap through the termination date of July 1, 2022.

The swap was issued at market terms so that it had no fair value at its inception. The carrying amount of the swap has been adjusted to its fair value at the end of the year. The obligation is classified as noncurrent since management does not intend to settle it during the year ended December 31, 2020. The obligation under interest rate swap totaled \$948,438 at December 31, 2019. The change in obligation under interest rate swap totaled \$89,700 for the year ended December 31, 2019.

Note 17 - Net Assets:

Board-Designated Net Assets

The Organization's governing board has designated a portion of its resources without donor restrictions for the following purposes:

Housing Futures Fund

The Housing Futures Fund (HFF) was established to provide financial resources for the development of affordable housing units when appropriate investment opportunities are identified. The HFF has a total commitment of \$25,105,999 of which CHW has committed \$13,955,999 of unrestricted resources and \$11,150,000 available through various financing instruments. The HFF has outstanding investments of \$13,217,852 and \$10,609,353 at December 31, 2019 and 2018, respectively. The HFF has \$11,888,148 and \$11,621,646 available at December 31, 2019 and 2018, respectively, including \$3,500,000 available through debt financing for the years ended December 31, 2019 and 2018.

Long-Term Operating Reserve

The long-term operating reserve has been established to ensure the stability of the mission, programs, employment and ongoing operations of CHW. The long-term operating reserve has been established with a range of four to six months of operating expenses and totaled \$4,298,145 and \$4,000,000 at December 31, 2019 and 2018, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 17 - Net Assets: (Continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of contributions received or receivable by the Organization with donor restrictions for which the funds were not spent for their intended use at December 31, 2019 and 2018. Net assets with donor restrictions are summarized as follows at December 31:

| | <u>2019</u> | <u>2018</u> |
|--|----------------------------|----------------------------|
| Subject to Expenditure for Specified Purpose: | | |
| Financial Well-being | \$ 156,792 | \$ 335,000 |
| Portfolio Strengthening | 150,000 | - |
| After School Program | 130,000 | - |
| CDBG Revolving Loan Fund | 118,812 | 118,051 |
| Loan loss reserve (NRC) | 52,000 | 65,500 |
| North Park Seniors | 25,000 | - |
| Rental Home Stability Program | 14,583 | 8,334 |
| Total Subject to Expenditure for Specified Purpose | <u>647,187</u> | <u>526,885</u> |
| Subject to the Passage of Time: | | |
| Contributions receivable, net | <u>750</u> | <u>20,235</u> |
| Perpetual in Nature: | | |
| The Neighborhood Reinvestment Corporation Revolving Loan and Capital Projects (NRC) | <u>772,840</u> | <u>1,104,057</u> |
| Total Net Assets with Donor Restrictions | \$ <u>1,420,777</u> | \$ <u>1,651,177</u> |

Net assets of a perpetual nature consist of grants received from The Neighborhood Reinvestment Corporation Revolving Loan and Capital Projects (NRC) doing business as NeighborWorks America. These funds are restricted until released by NRC. The funds were originally used to fund loans to borrowers and are currently used to provide funds for capital projects. The interest earned on the loans is not restricted.

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the years ended December 31:

| | <u>2019</u> | <u>2018</u> |
|--|--------------------------|--------------------------|
| Purpose Restrictions Accomplished: | | |
| Financial Well-being | \$ 450,709 | \$ 206,250 |
| The Neighborhood Reinvestment Corporation Revolving Loan and Capital Projects (NRC) | 331,217 | 473,167 |
| Rental Home Stability Program | 18,750 | 1,666 |
| Loan loss reserve (NRC) | 13,500 | 11,800 |
| Time Restrictions Fulfilled: | | |
| Contributions receivable | <u>26,000</u> | <u>49,500</u> |
| Total Net Assets Released From Restrictions | \$ <u>840,176</u> | \$ <u>742,433</u> |

**COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 18 - Commitments and Contingencies:

Operating Leases

The Organization leases office space under lease agreements expiring on various dates through December 31, 2025. Future minimum rental payments are as follows:

| <u>Years Ended December 31</u> | | |
|------------------------------------|----|---------------------|
| 2020 | \$ | 575,016 |
| 2021 | | 601,056 |
| 2022 | | 629,100 |
| 2023 | | 657,156 |
| 2024 | | 687,204 |
| Thereafter | | 717,264 |
| | | <u>\$ 3,866,796</u> |

Rent, common area and maintenance expense net of the sublease rental income totaled \$628,280 and \$551,176 for the years ended December 31, 2019 and 2018, respectively. The Organization subleased office under sublease agreements that expired in 2018. Rental income from subleases totaled \$-0- and \$50,841 for the years ended December 31, 2019 and 2018, respectively.

Lease Agreement

On September 26, 2000, Haley Ranch Estates Housing Associates, L.P (“Haley Ranch”) entered into a lease and regulatory agreement with the Poway Redevelopment Agency (“Agency”) to operate and maintain the Haley Ranch Estates rental housing project for an initial term ending on September 1, 2003. Haley Ranch has agreed to pay the Agency the sum of one dollar annually, plus an amount equal to 50% of the residual receipts, as defined in the lease agreement during the initial lease period. The subsequent term of the lease commenced on September 2, 2003 and will end on September 25, 2042. Haley Ranch has four ten-year renewal options under this lease with the Agency ending September 25, 2082.

Retirement Plan

CHW has established a 401(k) safe-harbor profit-sharing plan (the “Plan”) for eligible employees. The Plan allows for employee contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code. CHW makes a matching contribution equal to 100% of the first 3% and 50% of the amount that exceeds 3% up to 5%. CHW contributed \$169,030 and \$154,213 for the years ended December 31, 2019 and 2018, respectively.

Letter of Credit

The bonds payable to the City of Carlsbad require the Partnership to provide an irrevocable Letter of Credit. The Letter of Credit was issued by Citibank, N.A. in the amount of the bonds outstanding (\$12,415,000 at December 31, 2019). The Letter of Credit will expire on June 30, 2020 unless it expires earlier or is extended in accordance with its terms. There is a monthly fee paid on the Letter of Credit to Citibank, N.A. No demands for payment were made on the Letter of Credit at December 31, 2019

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 18 - Commitments and Contingencies: (Continued)

Capital Contribution Commitments and Operating Guarantees

The Partnership and Operating Agreements provide for various obligations of the Organization as the General Partner or Managing Member, including their obligation to provide funds for any development and operating deficits, and the Organization is obligated as a guarantor on certain debt obligations. The Organization has not incurred any losses related to these obligations at December 31, 2019 and 2018.

Legal Matters

The Organization is subject to claims that arise out of the normal course of business. The Organization maintains insurance coverage and uses various risk management activities which, combined, management believes are sufficient to ensure that the final outcome of any claims or proceedings will not have an adverse material effect on the consolidated financial position, operations, or liquidity of the Organization.

Grant Awards and Notes Receivables

CHW has evaluated the projected cash flow available for repayment of the notes receivable and has recorded an allowance for uncollectible amounts equal to the balance of the notes receivable. Interest earned on the notes receivable is expected to be collected, and has been accrued at December 31, 2019 and 2018. Payments received are recorded as revenue in the period that they are received.

Grant Awards and Notes Receivables

Paradise Creek Housing Partners, L.P. and Paradise Creek II Housing Partners, L.P.

In 2011, CHW was awarded a grant in the amount of \$14,957,000 for the sole purpose of CHW making a loan to PCHP. The note receivable dated November 19, 2014 bears interest at .25% beginning after construction has been completed. Payments of principal and interest are payable annually from cash flow, with any remaining balance due November 19, 2069. The balance of the note receivable and interest receivable totals \$14,764,896 and \$27,811 and \$14,815,484 and \$37,096, respectively, at December 31, 2019 and 2018, respectively. Payments on the note receivable and interest totaled \$96,806 and \$188,099 for the years ended December 31, 2019 and 2018, respectively.

In 2011, CHW was awarded a grant in the amount of \$5,350,800 for the sole purpose of CHW making a loan to PCHP. The note receivable dated November 19, 2014 is noninterest bearing. Principal payments are payable annually from cash flow, as defined, with any remaining balance due November 19, 2069. The balance of the note receivable totals \$5,234,906 and \$5,271,734 at December 31, 2019 and 2018, respectively. Payments on the note receivable totaled \$36,828 and \$79,066 for the years ended December 31, 2019 and 2018, respectively.

In 2015, CHW was awarded a grant in the amount of \$14,909,000 for the sole purpose of CHW making a loan to PCHP-II. The note receivable dated October 2015 bears interest at .25% beginning after construction has been completed. Payments of principal and interest are payable annually from cash flow, with any remaining balance due 55 years after the expiration of the stabilization period, as defined. The balance of the note receivable and interest receivable totals \$14,909,000 and \$59,014 and \$14,909,000 and \$21,742, respectively, at December 31, 2019 and 2018, respectively.

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 18 - Commitments and Contingencies: (Continued)

Grant Awards and Notes Receivables (Continued)

In 2015, CHW was awarded a grant in the amount of \$4,000,000 for the sole purpose of CHW making a loan to PCHP-II. The note receivable dated October 2015 is noninterest bearing. Principal payments are payable annually from cash flow, as defined, with any remaining balance due 55 years after the expiration of the stabilization period, as defined. The balance of the note receivable totals \$4,000,000 at December 31, 2019 and 2018. Grant advances totaling \$-0- and \$400,000 have been recorded as grant revenue for the years ended December 31, 2019 and 2018, respectively.

In 2018, CHW was awarded a grant in the amount of \$4,550,000 for the sole purpose of CHW making a capital contribution to PCHP-II. The grant advance of \$4,550,000 has been recorded as revenue and investment in limited partnership for the year ended December 31, 2018.

Fruit Avenue Housing Associates, L.P.

In 2017, CHW was awarded a grant in the amount of \$1,714,806, which it loaned to Fruit Housing Associates, L.P. to complete a weatherization program at Parks at Fig Apartments. The note receivable dated December 16, 2016 bears interest at 7.0% per annum. Principal and interest payments are payable annually from cash flow, as defined, with any remaining balance due November 30, 2071. The balance of the note receivable and interest receivable totals \$1,745,723 and \$183,910 and \$1,349,712 and \$78,262, respectively, at December 31, 2019 and 2018, respectively. Grant advances totaling \$396,011 and \$676,901 have been recorded as grant revenue for the years ended December 31, 2019 and 2018, respectively.

The following is a summary of the assets, revenue, and expense recorded as of and for the years ended December 31:

| | <u>2019</u> | <u>2018</u> |
|-----------------------------------|---------------------|---------------------|
| Notes receivable | \$ 40,654,525 | \$ 40,345,930 |
| Less: Allowance for uncollectible | <u>(40,654,525)</u> | <u>(40,345,930)</u> |
| Notes Receivable, Net | <u>\$ -</u> | <u>\$ -</u> |
| Interest receivable | \$ 270,735 | \$ 137,100 |
| Less: Allowance for uncollectible | <u>(183,910)</u> | <u>(78,262)</u> |
| Interest Receivable, Net | <u>\$ 86,825</u> | <u>\$ 58,838</u> |
| Interest income | \$ 179,853 | \$ 133,045 |
| Less: Allowance for uncollectible | <u>(105,648)</u> | <u>(78,262)</u> |
| Interest Income, Net | <u>\$ 74,205</u> | <u>\$ 54,783</u> |
| Grant revenue | \$ - | \$ 4,550,000 |
| Grant revenue | 396,011 | 1,076,901 |
| Less: Allowance for uncollectible | <u>(396,011)</u> | <u>(1,076,901)</u> |
| Grant Revenue, Net | <u>\$ -</u> | <u>\$ 4,550,000</u> |

COMMUNITY HOUSINGWORKS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 18 - Commitments and Contingencies: (Continued)

Coronavirus Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared states of emergency. It is anticipated that these impacts will continue for some time. The potential impacts to the Organization include disruptions or restrictions on our employees' ability to work, suspension of programming, reduction in contributions from donors and reduced revenue from rental income. In addition, there has been a significant decline in the stock market, which has had a negative impact on the Organization' investments. Changes to the operating environment may also be impacted and may have an impact on operating costs. The future effects of these issues are unknown.

Note 19 - Acquisitions and Dispositions of Partnership Interests:

During 2019, the Organization acquired a limited partnership interest in Dove Family Housing Associates, L.P. As a result, the Organization has now consolidated this wholly owned partnership and has included the capital account of the partnership at acquisition into net assets.

During 2019, the Organization deconsolidated Keeler Court Housing Associates, L.P., Kimball Tower Housing Associates, L.P. and Morgan Tower Housing Associates, L.P. The assets and liabilities have been removed from the consolidated statement of financial position, which had no effect on net assets for the year ended December 31, 2019.

During 2018, the Organization acquired a limited partnership interest in Mission Grove Housing Associates, L.P. As a result, the Organization has now consolidated this wholly owned partnership and has included the capital account of the partnership at acquisition into net assets.

Note 20 – Subsequent Events:

Sale of Property

On January 22, 2020 the Organization sold the 206 Cedar Road property that was held for sale for \$2,085,000.

Loan Funding

On March 1, 2020 the Organization obtained a \$3,000,000 loan to provide working capital to (i) acquire real property on which to construct future Projects or (ii) to fund predevelopment const incurred in connection with a Project. The loan bears interest at 0.8% per annum and requires quarterly interest payments beginning April 1, 2020 through the maturity date of March 1, 2025 when all principal and interest are due unless extended for twelve months in accordance with the terms of the loan.

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF REAL ESTATE ENTITIES
DECEMBER 31, 2019

| <u>Partnership Name</u> | <u>Property Name</u> | <u>Units</u> | <u>Location</u> | <u>CHW Equity Owned Through LLC</u> | <u>CHW Equity</u> | <u>Esperanza</u> | <u>Escondido</u> | <u>Accounting Method</u> |
|--|--|--------------|-----------------|--|-------------------|------------------|------------------|------------------------------|
| Alabama Manor Housing Associates, L.P. | Alabama Manor Apartments | 67 | San Diego | N/A | 0.010% | - | - | Equity |
| Arden Way Housing Associates, L.P. | Development | - | - | Boxwood Street Housing LLC | 99.00% | 1.000% | - | Consolidated |
| Breihan Housing Associates, L.P. | Hillside Village | 71 | Poway | N/A | 0.010% | 99.99% | - | Consolidated |
| Cedar Nettleton Housing Associates, L.P. | Cedar Nettleton Apartments | 68 | Vista | Vista Lilac LLC | 0.010% | - | - | Equity |
| Cedar Road Housing Associates | <i>Sold December 14, 2016</i> | - | - | N/A | 1.000% | 99.00% | - | Consolidated |
| CHW Arden Way Development LLC | Development | - | - | N/A | - | 100.00% | - | Consolidated |
| CHW Las Haciendas Development, LLC | Development | - | - | N/A | - | 100.00% | - | Consolidated |
| CHW Ulric Street Development, L.P. | Ulric Apartments | 36 | San Diego | N/A | 1.000% | 99.00% | - | Consolidated |
| Community Road Housing Associates, L.P. | Solara | 56 | Poway | N/A | 0.010% | - | - | Equity |
| Community Housing Solutions | <i>PineView Apartments (Sold 7/1/19)</i> | - | Fallbrook | N/A | 100.00% | - | - | Consolidated (Sold 7/1/2019) |
| Concord Sun Ridge, LLC | N/A | - | - | N/A | - | 100.00% | - | Consolidated |
| Cypress Cove Housing Associates, L.P. | Manzanita Apartments | 200 | Escondido | Mission Manzanita, LLC | 0.010% | - | - | Equity |
| Daybreak Housing Associates | Daybreak Grove / Sunrise Place | 21 | Escondido | N/A | - | 99.00% | 1.000% | Consolidated |
| Delta Village Housing Associates, L.P. | Las Serenas | 108 | San Diego | N/A | 0.010% | - | - | Equity |
| Dove Family Housing Associates, L.P. | La Costa Paloma | 180 | Carsbad | N/A | 0.005% | 99.99% | - | Consolidated (1/1/19) |
| East Mountain Housing Associates, L.P. | The Groves Apartments | 44 | Pasadena | Northwest Manor LLC | 0.010% | - | - | Equity |
| El Norte Housing Associates, L.P. | Avocado Court Apartments | 36 | Escondido | El Norte Housing Opportunities LLC | 0.010% | - | - | Equity |
| Esperanza Gardens Apartments, L.P. | Esperanza Garden Apartments | 10 | Encinitas | N/A | - | 1.000% | 99.00% | Consolidated |
| Eucalyptus View Cooperative Housing Associates, L.P. | Eucalyptus View | 24 | Escondido | N/A | 0.010% | 99.99% | - | Consolidated |
| Fallbrook View Housing Associates, L.P. | Fallbrook View Apartments | 80 | Fallbrook | N/A | 0.010% | - | - | Equity |
| Florida Street Housing Associates, L.P. | Kalos Apartments | 83 | San Diego | Another Nurturing Neighborhood LLC | 0.010% | - | - | Equity |
| Foothill Oak Housing Associates, L.P. | Los Robles Apartments | 76 | Vista | Foothill Oak Housing Opportunities LLC | 0.010% | - | - | Equity |
| Fruit Avenue Housing Associates, L.P. | Parks at Fig Garden | 366 | Fresno | Ashlan Ave Housing, LLC | 0.010% | - | - | Equity |
| Haley Ranch Estates Housing Associates, L.P. | Haley Ranch Estates | 65 | Poway | N/A | 1.000% | 99.00% | - | Consolidated |
| Kalmia Street Housing Associates, L.P. | <i>Sold December 19, 2019</i> | - | - | N/A | 99.00% | 1.000% | - | Consolidated |
| Keeler Court Housing Associates, L.P. | Development | - | - | Las Conchas Housing Opportunities LLC | 0.010% | - | - | Deconsolidated (12/18/2019) |
| Kimball Tower Housing Associates, L.P. | Kimball Tower | 151 | National City | CHW Kimball Development, LLC | 0.005% | - | - | Deconsolidated (3/28/2019) |
| Lindo Housing Associates, L.P. | Maplewood Apartments | 79 | Lakeside | Lakeside Family Housing LLC | 0.010% | - | - | Equity |
| Linda Vista Housing Associates, L.P. | Development | - | - | CHW Linda Vista LLC | 0.100% | 99.90% | - | Consolidated |
| Mission Cove Seniors Housing Associates, L.P. | Mission Cove Seniors | 138 | Oceanside | Carolyn Compass Rose, LLC | 0.010% | - | - | Equity |
| Mission Grove Housing Associates, L.P. | Old Grove Apartments | 56 | Oceanside | N/A | 0.010% | 99.99% | - | Consolidated |
| Monument Boulevard Housing Associates, L.P. | Sun Ridge Apartments | 198 | Concord | Concord Victory Lane, LLC | 0.010% | - | - | Equity |
| Morgan Tower Housing Associates, L.P. | Morgan Tower | 152 | National City | CHW Morgan Development, LLC | 0.005% | - | - | Deconsolidated (3/28/2019) |
| Morningside Housing Associates, L.P. | Development | - | - | West Alliance, LLC | 99.00% | 1.000% | - | Consolidated |
| Mountain View Housing Associates, L.P. | Mayberry Townhomes | 70 | San Diego | Alta Vista Townhomes, LLC | 0.010% | - | - | Equity |
| Nettleton Road Housing Associates | <i>Sold December 14, 2016</i> | - | - | N/A | 1.000% | 99.00% | - | Consolidated |
| North Santa Fe Housing Associates, L.P. | North Santa Fe Apartments | 68 | Vista | Buena Vista Alliance LLC | 0.010% | - | - | Equity |
| Oak Knoll Housing Associates, L.P. | Oak Knoll Villas | 52 | Poway | Fallbrook Renaissance LLC | 0.010% | - | - | Equity |
| Orange Place Housing Associates | Orange Place Apartments | 32 | Escondido | N/A | 1.000% | 99.00% | - | Consolidated |
| Paradise Creek Housing Partners, L.P. | Paradise Creek | 109 | National City | CHW Paradise Creek Development Co., LL | 0.005% | - | - | Equity |
| Paradise Creek II Housing Partners, L.P. | Paradise Creek II | 92 | National City | CHW Paradise Creek II Development Co., I | 0.005% | - | - | Equity |
| Parks at Fig, LLC | <i>Sold December 16, 2016</i> | - | - | N/A | 100.00% | - | - | Consolidated |
| Poway Villas Housing Associates, L.P. | Poway Villas | 60 | Poway | CHW Civic Center LLC | 0.010% | - | - | Equity |
| Royal Oaks Housing Associates, L.P. | Development | - | - | CHW Royal Oaks LLC | 0.100% | 99.90% | - | Consolidated |
| Solutions Family Center, L.P. | Solutions | 33 | Vista | N/A | 1.000% | - | - | Equity |
| South Santa Fe Housing Associates, L.P. | Development | - | - | Paseo Artist Village LLC | 1.00% | 99.00% | - | Consolidated |
| Texas Street Senior Housing, L.P. | North Park Seniors | 76 | San Diego | Howard Avenue Senior Housing LLC | 0.010% | - | - | Equity |
| The Bowron Road Group Limited Partnership | Parkview Terrace | 92 | Poway | N/A | 0.002% | 99.98% | - | Consolidated |
| Tremont Street Apartments Limited Partnership | Marisol Apartments | 22 | Oceanside | N/A | 1.000% | 99.00% | - | Consolidated |
| Tripp Avenue Housing Associates, L.P. | Parkside Terrace Apartments | 201 | San Jose | CHW Parkside Terrace LLC | 0.010% | - | - | Equity |
| Turnagain Renaissance Housing Associates, L.P. | Turnagain Arms | 80 | Fallbrook | Fallbrook Renaissance LLC | 0.010% | - | - | Equity |
| Ulric Street Housing Associates, L.P. | Development | - | - | Ulric Street Housing Opportunities LLC | 99.00% | 1.000% | - | Consolidated |
| Windsor Gardens Housing Associates, L.P. | Windsor Gardens Apartments | 132 | Escondido | CHW Windsor Gardens LLC | 0.010% | 99.99% | - | Consolidated |
| Winona Gardens Housing Associates, L.P. | Bandar Salaam Apartments | 68 | San Diego | N/A | 0.010% | 99.99% | - | Consolidated |
| Woodcroft Street Housing Associates, L.P. | Azusa Apartments | 88 | Azusa | Big Dalton Wash LLC | 0.010% | - | - | Equity |
| Wooster Ave, LLC | <i>Sold to Tripp (December 2019)</i> | - | San Jose | N/A | 0.000% | 100.00% | - | Consolidated |
| 15th Avenue Housing Cooperative | 15th Avenue Apartments | 16 | Escondido | N/A | - | - | - | Operated by CHW |
| | Las Casitas Apartments | 14 | San Diego | N/A | 100.00% | - | - | CHW |
| | | <u>3,670</u> | | | | | | |

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF REAL ESTATE ENTITIES
DECEMBER 31, 2018**

| <u>Partnership Name</u> | <u>Property Name</u> | <u>Units</u> | <u>Location</u> | <u>CHW Equity Owned Through LLC</u> | <u>CHW Equity</u> | <u>Esperanza</u> | <u>Escondido</u> | <u>Accounting Method</u> |
|--|--------------------------------|--------------|-----------------|--|-------------------|------------------|------------------|--------------------------|
| Alabama Manor Housing Associates, L.P. | Alabama Manor Apartments | 67 | San Diego | N/A | 0.010% | - | - | Equity |
| Arden Way Housing Associates, L.P. | Development | - | - | Boxwood Street Housing LLC | 99.00% | 1.000% | - | Consolidated |
| Breihan Housing Associates, L.P. | Hillside Village | 71 | Poway | N/A | 0.010% | 99.99% | - | Consolidated |
| Cedar Nettleton Housing Associates, L.P. | Cedar Nettleton Apartments | 68 | Vista | Vista Lilac LLC | 0.010% | - | - | Equity |
| Cedar Road Housing Associates | <i>Sold December 14, 2016</i> | - | - | N/A | 1.000% | 99.00% | - | Consolidated |
| CHW Arden Way Development LLC | Development | - | - | N/A | - | 100.00% | - | Consolidated |
| CHW Ulric Street Development, L.P. | Ulric Apartments | 36 | San Diego | N/A | 1.000% | 99.00% | - | Consolidated |
| Community Road Housing Associates, L.P. | Solara | 56 | Poway | N/A | 0.010% | - | - | Equity |
| Community Housing Solutions | PineView Apartments | 101 | Fallbrook | N/A | 100.00% | - | - | Consolidated |
| Concord Sun Ridge, LLC | N/A | - | - | N/A | - | 100.00% | - | Consolidated |
| Cypress Cove Housing Associates, L.P. | Manzanita Apartments | 200 | Escondido | Mission Manzanita, LLC | 0.010% | - | - | Equity |
| Daybreak Housing Associates | Daybreak Grove / Sunrise Place | 21 | Escondido | N/A | - | 99.00% | 1.000% | Consolidated |
| Delta Village Housing Associates, L.P. | Las Serenas | 108 | San Diego | N/A | 0.010% | - | - | Equity |
| Dove Family Housing Associates, L.P. | La Costa Paloma | 180 | Carslbad | N/A | 0.005% | - | - | Equity |
| East Mountain Housing Associates, L.P. | The Groves Apartments | 44 | Pasadena | Northwest Manor LLC | 0.010% | - | - | Equity |
| El Norte Housing Associates, L.P. | Avocado Court Apartments | 36 | Escondido | El Norte Housing Opportunities LLC | 0.010% | - | - | Equity |
| Esperanza Gardens Apartments, L.P. | Esperanza Garden Apartments | 10 | Encinitas | N/A | - | 1.000% | 99.00% | Consolidated |
| Eucalyptus View Cooperative Housing Associates, L.P. | Eucalyptus View | 24 | Escondido | N/A | 0.010% | 99.99% | - | Consolidated |
| Fallbrook View Housing Associates, L.P. | Fallbrook View Apartments | 80 | Fallbrook | N/A | 0.010% | - | - | Equity |
| Florida Street Housing Associates, L.P. | Kalos Apartments | 83 | San Diego | Another Nurturing Neighborhood LLC | 0.010% | - | - | Equity |
| Foothill Oak Housing Associates, L.P. | Los Robles Apartments | 76 | Vista | Foothill Oak Housing Opportunities LLC | 0.010% | - | - | Equity |
| Fruit Avenue Housing Associates, L.P. | Parks at Fig Garden | 366 | Fresno | Ashlan Ave Housing, LLC | 0.010% | - | - | Equity |
| Haley Ranch Estates Housing Associates, L.P. | Haley Ranch Estates | 65 | Poway | N/A | 1.000% | 99.00% | - | Consolidated |
| Kalmia Street Housing Associates, L.P. | Development | - | - | N/A | 1.000% | 99.00% | - | Consolidated |
| Keeler Court Housing Associates, L.P. | Development | - | - | Las Conchas Housing Opportunities LLC | 99.00% | 1.000% | - | Consolidated |
| Kimball Tower Housing Associates, L.P. | Development | - | - | CHW Kimball Development, LLC | 0.050% | 99.00% | - | Consolidated |
| Lindo Housing Associates, L.P. | Maplewood Apartments | 79 | Lakeside | Lakeside Family Housing LLC | 0.010% | - | - | Equity |
| Mission Cove Seniors Housing Associates, L.P. | Mission Cove Seniors | 138 | Oceanside | Carolyn Compass Rose, LLC | 0.010% | - | - | Equity |
| Mission Grove Housing Associates, L.P. | Old Grove Apartments | 56 | Oceanside | N/A | 0.010% | 99.99% | - | Consolidated |
| Monument Boulevard Housing Associates, L.P. | Sun Ridge Apartments | 198 | Concord | Concord Victory Lane, LLC | 0.010% | - | - | Equity |
| Morgan Tower Housing Associates, L.P. | Development | - | - | CHW Morgan Development, LLC | 0.050% | 99.00% | - | Consolidated |
| Morningside Housing Associates, L.P. | Development | - | - | West Alliance, LLC | 99.00% | 1.000% | - | Consolidated |
| Mountain View Housing Associates, L.P. | Mayberry Townhomes | 70 | San Diego | Alta Vista Townhomes, LLC | 0.010% | - | - | Equity |
| Nettleton Road Housing Associates | <i>Sold December 14, 2016</i> | - | - | N/A | 1.000% | 99.00% | - | Consolidated |
| North Santa Fe Housing Associates, L.P. | North Santa Fe Apartments | 68 | Vista | Buena Vista Alliance LLC | 0.010% | - | - | Equity |
| Oak Knoll Housing Associates, L.P. | Oak Knoll Villas | 52 | Poway | Fallbrook Renaissance LLC | 0.010% | - | - | Equity |
| Orange Place Housing Associates | Orange Place Apartments | 32 | Escondido | N/A | 1.000% | 99.00% | - | Consolidated |
| Paradise Creek Housing Partners, L.P. | Paradise Creek | 109 | National City | CHW Paradise Creek Development Co., LL | 0.005% | - | - | Equity |
| Paradise Creek II Housing Partners, L.P. | Paradise Creek II | 92 | National City | CHW Paradise Creek II Development Co., l | 0.005% | - | - | Equity |
| Parks at Fig, LLC | <i>Sold December 16, 2016</i> | - | - | N/A | 100.00% | - | - | Consolidated |
| Poway Villas Housing Associates, L.P. | Poway Villas | 60 | Poway | CHW Civic Center LLC | 0.010% | - | - | Equity |
| Solutions Family Center, L.P. | Solutions | 33 | Vista | N/A | 1.000% | - | - | Equity |
| South Santa Fe Housing Associates, L.P. | Development | - | - | Paseo Artist Village LLC | 1.00% | 99.00% | - | Consolidated |
| Texas Street Senior Housing, L.P. | North Park Seniors | 76 | San Diego | Howard Avenue Senior Housing LLC | 0.010% | - | - | Equity |
| The Bowron Road Group Limited Partnership | Parkview Terrace | 92 | Poway | N/A | 0.002% | 99.98% | - | Consolidated |
| Tremont Street Apartments Limited Partnership | Marisol Apartments | 22 | Oceanside | N/A | 1.000% | 99.00% | - | Consolidated |
| Turnagain Renaissance Housing Associates, L.P. | Turnagain Arms | 80 | Fallbrook | Fallbrook Renaissance LLC | 0.010% | - | - | Equity |
| Ulric Street Housing Associates, L.P. | Development | - | - | Ulric Street Housing Opportunities LLC | 99.00% | 1.000% | - | Consolidated |
| Winona Gardens Housing Associates, L.P. | Bandar Salaam Apartments | 68 | San Diego | N/A | 0.010% | 99.99% | - | Consolidated |
| Woodcroft Street Housing Associates, L.P. | Azusa Apartments | 88 | Azusa | Big Dalton Wash LLC | 0.010% | - | - | Equity |
| Wooster Ave, LLC | Parkside Terrace Apartments | 201 | San Jose | N/A | 0.000% | 100.00% | - | Consolidated |
| 15th Avenue Housing Cooperative | 15th Avenue Apartments | 16 | Escondido | N/A | - | - | - | Operated by CHW |
| | Las Casitas Apartments | 14 | San Diego | N/A | 100.00% | - | - | CHW |
| | | <u>3,336</u> | | | | | | |

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

| | Community HousingWorks | Partnership and Limited Liability Companies | Esperanza Housing and Community Development Corporation | Escondido Family Housing Corporation | Community Housing Solutions | Eliminations | Consolidated |
|---|---------------------------|---|---|--|-----------------------------------|------------------------|-----------------------|
| <u>Current Assets:</u> | | | | | | | |
| Cash and cash equivalents | \$ 15,592,051 | \$ 53,700 | \$ 5,134,818 | \$ 90,715 | \$ - | \$ - | \$ 20,871,284 |
| Investments | 8,801,430 | - | - | - | - | - | 8,801,430 |
| Security deposits | 6,500 | - | 583,210 | 11,112 | - | - | 600,822 |
| Grants and contracts receivable | 68,443 | - | - | - | - | - | 68,443 |
| Contributions receivable, net | 750 | - | - | - | - | - | 750 |
| Accounts receivable - related parties | 6,576,381 | - | - | - | - | - | 6,576,381 |
| Accounts receivable - other, net | 134,579 | - | 35,818 | - | - | - | 170,397 |
| Intercompany accounts receivable | 9,355,624 | - | 73,617 | - | - | (9,429,241) | - |
| Prepaid expenses | 76,554 | - | 166,991 | 1,622 | - | - | 245,167 |
| Property held for sale | - | 1,732,489 | - | - | - | - | 1,732,489 |
| Total Current Assets | <u>40,612,312</u> | <u>1,786,189</u> | <u>5,994,454</u> | <u>103,449</u> | <u>-</u> | <u>(9,429,241)</u> | <u>39,067,163</u> |
| <u>Noncurrent Assets:</u> | | | | | | | |
| Restricted reserves | - | - | 6,091,882 | 420,782 | - | - | 6,512,664 |
| Loans receivable, net | 468,040 | - | - | - | - | - | 468,040 |
| Intercompany notes receivable | 1,046,976 | - | - | - | - | (1,046,976) | - |
| Notes receivable - related parties, net | 17,482,952 | 8,251,620 | 40,120,396 | - | - | - | 65,854,968 |
| Interest receivable | 774,402 | 580,394 | 446,268 | - | - | - | 1,801,064 |
| Property and equipment, net | 1,251,206 | 2,372,167 | 73,873,598 | 505,226 | - | - | 78,002,197 |
| Investments in limited partnerships | 21,505,527 | 1,186,746 | 201,857 | (2,090) | - | (11,245,001) | 11,647,039 |
| Deposits | 65,749 | - | 186,538 | 1,000 | - | - | 253,287 |
| Other assets, net | - | - | 44,073 | - | - | - | 44,073 |
| Total Noncurrent Assets | <u>42,594,852</u> | <u>12,390,927</u> | <u>120,964,612</u> | <u>924,918</u> | <u>-</u> | <u>(12,291,977)</u> | <u>164,583,332</u> |
| TOTAL ASSETS | <u>\$ 83,207,164</u> | <u>\$ 14,177,116</u> | <u>\$ 126,959,066</u> | <u>\$ 1,028,367</u> | <u>\$ -</u> | <u>\$ (21,721,218)</u> | <u>\$ 203,650,495</u> |

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2019

| | Community HousingWorks | Partnership and Limited Liability Companies | Esperanza Housing and Community Development Corporation | Escondido Family Housing Corporation | Community Housing Solutions | Eliminations | Consolidated |
|---|---------------------------|---|---|--|-----------------------------------|------------------------|-----------------------|
| <u>Current Liabilities:</u> | | | | | | | |
| Accounts payable and accrued expenses | \$ 1,377,737 | \$ 219,947 | \$ 851,014 | \$ 1,259 | \$ - | \$ - | \$ 2,449,957 |
| Security deposits | 6,500 | - | 561,960 | 11,112 | - | - | 579,572 |
| Intercompany payables | 56,307 | 3,884,784 | 5,459,403 | 28,747 | - | (9,429,241) | - |
| Deferred revenue | 48,953 | - | 84,565 | 2,183 | - | - | 135,701 |
| Line-of-credit payable | 2,000,000 | - | - | - | - | - | 2,000,000 |
| Current portion of noncurrent liabilities | 1,400,000 | - | 486,050 | - | - | - | 1,886,050 |
| Total Current Liabilities | <u>4,889,497</u> | <u>4,104,731</u> | <u>7,442,992</u> | <u>43,301</u> | <u>-</u> | <u>(9,429,241)</u> | <u>7,051,280</u> |
| <u>Noncurrent Liabilities:</u> | | | | | | | |
| Deferred revenue | 200,255 | - | - | - | - | - | 200,255 |
| Deferred lease liability | 254,064 | - | - | - | - | - | 254,064 |
| Intercompany notes payable | - | - | 1,046,976 | - | - | (1,046,976) | - |
| Notes payable - amortized debt, net | 5,650,000 | - | 27,194,075 | - | - | - | 32,844,075 |
| Notes payable - residual receipts debt, net | 1,997,855 | - | 35,294,014 | 996,733 | - | - | 38,288,602 |
| Interest payable - residual receipts debt | 190,207 | - | 10,222,095 | 532,373 | - | - | 10,944,675 |
| Less: Current portion | (1,400,000) | - | (486,050) | - | - | - | (1,886,050) |
| Total Noncurrent Liabilities | <u>6,892,381</u> | <u>-</u> | <u>73,271,110</u> | <u>1,529,106</u> | <u>-</u> | <u>(1,046,976)</u> | <u>80,645,621</u> |
| Total Liabilities | <u>11,781,878</u> | <u>4,104,731</u> | <u>80,714,102</u> | <u>1,572,407</u> | <u>-</u> | <u>(10,476,217)</u> | <u>87,696,901</u> |
| <u>Obligation Under Interest Rate Swap</u> | <u>-</u> | <u>-</u> | <u>948,438</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>948,438</u> |
| <u>Net Assets:</u> | | | | | | | |
| Without donor restrictions | 70,004,509 | 10,072,385 | 45,296,526 | (544,040) | - | (11,245,001) | 113,584,379 |
| With donor restrictions: | | | | | | | |
| Time and purpose restrictions | 647,937 | - | - | - | - | - | 647,937 |
| Perpetual in nature | 772,840 | - | - | - | - | - | 772,840 |
| Total Net Assets | <u>71,425,286</u> | <u>10,072,385</u> | <u>45,296,526</u> | <u>(544,040)</u> | <u>-</u> | <u>(11,245,001)</u> | <u>115,005,156</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 83,207,164</u> | <u>\$ 14,177,116</u> | <u>\$ 126,959,066</u> | <u>\$ 1,028,367</u> | <u>\$ -</u> | <u>\$ (21,721,218)</u> | <u>\$ 203,650,495</u> |

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

| | Community HousingWorks | Partnership and Limited Liability Companies | Esperanza Housing and Community Development Corporation | Escondido Family Housing Corporation | Community Housing Solutions | Eliminations | Consolidated |
|---|-----------------------------|---|---|--|-----------------------------------|-------------------------------|------------------------------|
| <u>Current Assets:</u> | | | | | | | |
| Cash and cash equivalents | \$ 16,024,875 | \$ 21,323 | \$ 1,494,842 | \$ 77,314 | \$ 198,512 | \$ - | \$ 17,816,866 |
| Security deposits | 7,000 | - | 458,122 | 11,112 | 60,841 | - | 537,075 |
| Grants and contracts receivable | 52,978 | - | - | - | - | - | 52,978 |
| Contributions receivable, net | 87,555 | - | - | - | - | - | 87,555 |
| Accounts receivable - related parties | 6,241,063 | - | - | - | - | - | 6,241,063 |
| Accounts receivable - other, net | 293,030 | - | 17,187 | 1 | 6,316 | - | 316,534 |
| Intercompany accounts receivable | 7,414,711 | - | - | - | 13,183 | (7,427,894) | - |
| Prepaid expenses | 83,455 | 900 | 370,161 | 1,217 | 13,668 | - | 469,401 |
| Property held for sale | - | 1,596,897 | - | - | - | - | 1,596,897 |
| Total Current Assets | <u>30,204,667</u> | <u>1,619,120</u> | <u>2,340,312</u> | <u>89,644</u> | <u>292,520</u> | <u>(7,427,894)</u> | <u>27,118,369</u> |
| <u>Noncurrent Assets:</u> | | | | | | | |
| Contributions receivable, net | 735 | - | - | - | - | - | 735 |
| Restricted reserves | - | - | 5,364,007 | 404,091 | 190,474 | - | 5,958,572 |
| Loans receivable, net | 589,710 | - | - | - | - | - | 589,710 |
| Intercompany notes receivable | 2,141,372 | - | - | - | - | (2,141,372) | - |
| Notes receivable - related parties, net | 17,765,846 | 8,251,620 | 13,162,237 | - | - | - | 39,179,703 |
| Interest receivable | 769,125 | 385,202 | 606,953 | - | - | - | 1,761,280 |
| Property and equipment, net | 1,043,190 | 3,421,076 | 76,718,637 | 543,097 | 5,805,218 | - | 87,531,218 |
| Investments in limited partnerships | 21,126,653 | 1,208,363 | 192,251 | (1,386) | - | (11,230,828) | 11,295,053 |
| Deposits | 99,650 | - | 66,607 | 1,000 | 12,182 | - | 179,439 |
| Other assets, net | - | - | 34,727 | - | - | - | 34,727 |
| Total Noncurrent Assets | <u>43,536,281</u> | <u>13,266,261</u> | <u>96,145,419</u> | <u>946,802</u> | <u>6,007,874</u> | <u>(13,372,200)</u> | <u>146,530,437</u> |
| TOTAL ASSETS | <u>\$ 73,740,948</u> | <u>\$ 14,885,381</u> | <u>\$ 98,485,731</u> | <u>\$ 1,036,446</u> | <u>\$ 6,300,394</u> | <u>\$ (20,800,094)</u> | <u>\$ 173,648,806</u> |

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2018

| | Community HousingWorks | Partnership and Limited Liability Companies | Esperanza Housing and Community Development Corporation | Escondido Family Housing Corporation | Community Housing Solutions | Eliminations | Consolidated |
|---|---------------------------|---|---|--|-----------------------------------|------------------------|-----------------------|
| <u>Current Liabilities:</u> | | | | | | | |
| Accounts payable and accrued expenses | \$ 1,480,195 | \$ 83,058 | \$ 907,706 | \$ 3,655 | \$ 39,921 | \$ - | \$ 2,514,535 |
| Security deposits | 7,000 | - | 460,725 | 11,112 | 60,841 | - | 539,678 |
| Intercompany payables | - | 3,362,461 | 3,881,558 | 28,422 | 155,453 | (7,427,894) | - |
| Deferred revenue | 46,953 | - | 54,923 | 2,863 | 2,012 | - | 106,751 |
| Current portion of noncurrent liabilities | 30,468 | 822,500 | 31,267,830 | - | 7,076,817 | - | 39,197,615 |
| Total Current Liabilities | <u>1,564,616</u> | <u>4,268,019</u> | <u>36,572,742</u> | <u>46,052</u> | <u>7,335,044</u> | <u>(7,427,894)</u> | <u>42,358,579</u> |
| <u>Noncurrent Liabilities:</u> | | | | | | | |
| Deferred revenue | 247,208 | - | - | - | - | - | 247,208 |
| Intercompany notes payable | - | - | 996,131 | - | 1,145,241 | (2,141,372) | - |
| Notes payable - amortized debt, net | 5,180,468 | 1,572,500 | 50,895,151 | - | - | - | 57,648,119 |
| Bonds payable, net | - | - | - | - | 7,076,817 | - | 7,076,817 |
| Notes payable - residual receipts debt, net | 1,322,355 | - | 19,757,693 | 996,463 | 4,044,807 | - | 26,121,318 |
| Interest payable - residual receipts debt | 181,076 | - | 9,616,672 | 512,373 | 2,268,169 | - | 12,578,290 |
| Less: Current portion | (30,468) | (822,500) | (31,267,830) | - | (7,076,817) | - | (39,197,615) |
| Total Noncurrent Liabilities | <u>6,900,639</u> | <u>750,000</u> | <u>49,997,817</u> | <u>1,508,836</u> | <u>7,458,217</u> | <u>(2,141,372)</u> | <u>64,474,137</u> |
| Total Liabilities | <u>8,465,255</u> | <u>5,018,019</u> | <u>86,570,559</u> | <u>1,554,888</u> | <u>14,793,261</u> | <u>(9,569,266)</u> | <u>106,832,716</u> |
| <u>Net Assets:</u> | | | | | | | |
| Without donor restrictions | 63,624,516 | 9,867,362 | 11,915,172 | (518,442) | (8,492,867) | (11,230,828) | 65,164,913 |
| With donor restrictions: | | | | | | | |
| Time and purpose restrictions | 547,120 | - | - | - | - | - | 547,120 |
| Perpetual in nature | 1,104,057 | - | - | - | - | - | 1,104,057 |
| Total Net Assets | <u>65,275,693</u> | <u>9,867,362</u> | <u>11,915,172</u> | <u>(518,442)</u> | <u>(8,492,867)</u> | <u>(11,230,828)</u> | <u>66,816,090</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 73,740,948</u> | <u>\$ 14,885,381</u> | <u>\$ 98,485,731</u> | <u>\$ 1,036,446</u> | <u>\$ 6,300,394</u> | <u>\$ (20,800,094)</u> | <u>\$ 173,648,806</u> |

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Community HousingWorks | Partnership and Limited Liability Companies | Esperanza Housing and Community Development Corporation | Escondido Family Housing Corporation | Community Housing Solutions | Eliminations | Consolidated |
|--|---------------------------|---|---|--|-----------------------------------|--------------------|-------------------|
| Net Assets Without Donor Restrictions: | | | | | | | |
| Support and Revenues: | | | | | | | |
| Contributions | \$ 3,401,358 | \$ - | \$ - | \$ - | \$ - | \$ (2,921,823) | \$ 479,535 |
| Developer fees | 6,380,154 | - | - | - | - | - | 6,380,154 |
| Grants and contracts | 880,406 | - | - | - | 10,515 | - | 890,921 |
| Loan interest and investment income | 1,410,586 | 195,192 | 516,748 | 11,403 | 2,795 | (13,008) | 2,123,716 |
| Management fees | 1,350,338 | 31,833 | - | - | - | (414,771) | 967,400 |
| Other income | 60,728 | - | 421,765 | 2,767 | 27,604 | - | 512,864 |
| Program income | 1,588,400 | - | - | - | - | (507,610) | 1,080,790 |
| Rental income | - | - | 12,027,422 | 147,264 | 575,780 | - | 12,750,466 |
| Net assets released from restrictions | 840,176 | - | - | - | - | - | 840,176 |
| Total Support and Revenues | <u>15,912,146</u> | <u>227,025</u> | <u>12,965,935</u> | <u>161,434</u> | <u>616,694</u> | <u>(3,857,212)</u> | <u>26,026,022</u> |
| Expenses: | | | | | | | |
| Program Services: | | | | | | | |
| Asset management | 1,250,894 | - | - | - | - | - | 1,250,894 |
| Community programs | 2,971,903 | - | - | - | - | - | 2,971,903 |
| Real estate development | 3,375,973 | - | - | - | - | - | 3,375,973 |
| Rental real estate | - | 3,888 | 17,394,223 | 186,144 | 1,943,809 | (3,857,212) | 15,670,852 |
| Special needs housing programs | 349,419 | - | - | - | - | - | 349,419 |
| Total Program Services | <u>7,948,189</u> | <u>3,888</u> | <u>17,394,223</u> | <u>186,144</u> | <u>1,943,809</u> | <u>(3,857,212)</u> | <u>23,619,041</u> |
| Supporting Services: | | | | | | | |
| Management and general | 1,252,392 | - | 2,500 | - | - | - | 1,254,892 |
| Fundraising | 559,149 | - | - | - | - | - | 559,149 |
| Total Supporting Services | <u>1,811,541</u> | <u>-</u> | <u>2,500</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,814,041</u> |
| Total Expenses | <u>9,759,730</u> | <u>3,888</u> | <u>17,396,723</u> | <u>186,144</u> | <u>1,943,809</u> | <u>(3,857,212)</u> | <u>25,433,082</u> |
| Change in Net Assets Without Donor Restrictions Before Other Revenue and (Expenses) | <u>6,152,416</u> | <u>223,137</u> | <u>(4,430,788)</u> | <u>(24,710)</u> | <u>(1,327,115)</u> | <u>-</u> | <u>592,940</u> |

COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Community HousingWorks | Partnership and Limited Liability Companies | Esperanza Housing and Community Development Corporation | Escondido Family Housing Corporation | Community Housing Solutions | Eliminations | Consolidated |
|--|---------------------------|---|---|--|-----------------------------------|------------------------|-----------------------|
| <u>Other Revenue and (Expenses):</u> | | | | | | | |
| Gain on sale of property and equipment | \$ - | \$ 3,603 | \$ 34,220,947 | \$ - | \$ 9,819,982 | \$ - | \$ 44,044,532 |
| Loan forgiveness and recovery | 127,769 | - | - | - | - | - | 127,769 |
| Obligation under interest rate swap change | - | - | 89,700 | - | - | - | 89,700 |
| Partnership income (loss) | 99,808 | (21,857) | (210) | (704) | - | (15,409) | 61,628 |
| Total Other Revenue and (Expenses) | <u>227,577</u> | <u>(18,254)</u> | <u>34,310,437</u> | <u>(704)</u> | <u>9,819,982</u> | <u>(15,409)</u> | <u>44,323,629</u> |
| Change in Net Assets Without Donor Restrictions | <u>6,379,993</u> | <u>204,883</u> | <u>29,879,649</u> | <u>(25,414)</u> | <u>8,492,867</u> | <u>(15,409)</u> | <u>44,916,569</u> |
| <u>Net Assets With Donor Restrictions:</u> | | | | | | | |
| Contributions | 459,015 | - | - | - | - | - | 459,015 |
| Grants and contracts | 150,000 | - | - | - | - | - | 150,000 |
| Interest income | 761 | - | - | - | - | - | 761 |
| Net assets released from restrictions | (840,176) | - | - | - | - | - | (840,176) |
| Change in Net Assets With Donor Restrictions | <u>(230,400)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(230,400)</u> |
| Change in Net Assets | 6,149,593 | 204,883 | 29,879,649 | (25,414) | 8,492,867 | (15,409) | 44,686,169 |
| Net Assets at Beginning of Year | 65,275,693 | 9,867,362 | 11,915,172 | (518,442) | (8,492,867) | (11,230,828) | 66,816,090 |
| Acquisition of Partnership Interest | - | - | 3,502,897 | - | - | - | 3,502,897 |
| Contributions/(Distributions), net | - | 140 | (1,192) | (184) | - | 1,236 | - |
| NET ASSETS AT END OF YEAR | <u>\$ 71,425,286</u> | <u>\$ 10,072,385</u> | <u>\$ 45,296,526</u> | <u>\$ (544,040)</u> | <u>\$ -</u> | <u>\$ (11,245,001)</u> | <u>\$ 115,005,156</u> |

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Community HousingWorks | Partnership and Limited Liability Companies | Esperanza Housing and Community Development Corporation | Escondido Family Housing Corporation | Community Housing Solutions | Eliminations | Consolidated |
|--|---------------------------|---|---|--|-----------------------------------|------------------|-------------------|
| <u>Net Assets Without Donor Restrictions:</u> | | | | | | | |
| <u>Support and Revenues:</u> | | | | | | | |
| Contributions | \$ 975,822 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 975,822 |
| Developer fees | 6,473,400 | - | - | - | - | - | 6,473,400 |
| Grants and contracts | 961,834 | - | - | - | 33,552 | - | 995,386 |
| Loan interest and investment income | 834,048 | 190,878 | 419,417 | 2,564 | 441 | (22,101) | 1,425,247 |
| Management fees | 1,044,101 | - | - | - | - | (324,650) | 719,451 |
| Other income | 44,107 | 624 | 131,982 | 3,809 | 68,657 | - | 249,179 |
| Program income | 1,501,121 | - | 1,836 | - | - | (350,948) | 1,152,009 |
| Rental income | - | - | 8,573,152 | 137,322 | 1,192,185 | - | 9,902,659 |
| Net assets released from restrictions | 742,433 | - | - | - | - | - | 742,433 |
| Total Support and Revenues | <u>12,576,866</u> | <u>191,502</u> | <u>9,126,387</u> | <u>143,695</u> | <u>1,294,835</u> | <u>(697,699)</u> | <u>22,635,586</u> |
| <u>Expenses:</u> | | | | | | | |
| <u>Program Services:</u> | | | | | | | |
| Asset management | 1,080,068 | - | - | - | - | - | 1,080,068 |
| Community programs | 2,394,479 | - | - | - | - | - | 2,394,479 |
| Real estate development | 2,836,814 | - | - | - | - | - | 2,836,814 |
| Rental real estate | - | 1,193 | 11,803,031 | 213,303 | 1,333,368 | (697,699) | 12,653,196 |
| Special needs housing programs | 352,806 | - | - | - | - | - | 352,806 |
| Total Program Services | <u>6,664,167</u> | <u>1,193</u> | <u>11,803,031</u> | <u>213,303</u> | <u>1,333,368</u> | <u>(697,699)</u> | <u>19,317,363</u> |
| <u>Supporting Services:</u> | | | | | | | |
| Management and general | 1,223,260 | - | - | - | - | - | 1,223,260 |
| Fundraising | 441,405 | - | - | - | - | - | 441,405 |
| Total Supporting Services | <u>1,664,665</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,664,665</u> |
| Total Expenses | <u>8,328,832</u> | <u>1,193</u> | <u>11,803,031</u> | <u>213,303</u> | <u>1,333,368</u> | <u>(697,699)</u> | <u>20,982,028</u> |
| Change in Net Assets Without Donor Restrictions Before Other Revenue and (Expenses) | <u>4,248,034</u> | <u>190,309</u> | <u>(2,676,644)</u> | <u>(69,608)</u> | <u>(38,533)</u> | <u>-</u> | <u>1,653,558</u> |

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Community HousingWorks | Partnership and Limited Liability Companies | Esperanza Housing and Community Development Corporation | Escondido Family Housing Corporation | Community Housing Solutions | Eliminations | Consolidated |
|--|---------------------------|---|---|--|-----------------------------------|------------------------|----------------------|
| <u>Other Revenue and (Expenses):</u> | | | | | | | |
| Contribution of equipment | \$ - | \$ - | \$ 2,910,000 | \$ - | \$ - | \$ - | \$ 2,910,000 |
| Grant for capital contribution | 4,550,000 | - | - | - | - | - | 4,550,000 |
| Loan forgiveness and recovery | 262,331 | - | - | - | - | - | 262,331 |
| Partnership loss | (233,272) | (930) | (696) | (490) | - | (205,301) | (440,689) |
| Total Other Revenue and (Expenses) | <u>4,579,059</u> | <u>(930)</u> | <u>2,909,304</u> | <u>(490)</u> | <u>-</u> | <u>(205,301)</u> | <u>7,281,642</u> |
| Change in Net Assets Without Donor Restrictions | <u>8,827,093</u> | <u>189,379</u> | <u>232,660</u> | <u>(70,098)</u> | <u>(38,533)</u> | <u>(205,301)</u> | <u>8,935,200</u> |
| <u>Net Assets With Donor Restrictions:</u> | | | | | | | |
| Contributions | 12,495 | - | - | - | - | - | 12,495 |
| Grants and contracts | 420,000 | - | - | - | - | - | 420,000 |
| Interest income | 1,543 | - | - | - | - | - | 1,543 |
| Net assets released from restrictions | (742,433) | - | - | - | - | - | (742,433) |
| Change in Net Assets With Donor Restrictions | <u>(308,395)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(308,395)</u> |
| Change in Net Assets | 8,518,698 | 189,379 | 232,660 | (70,098) | (38,533) | (205,301) | 8,626,805 |
| Net Assets at Beginning of Year | 56,756,995 | 9,777,883 | 12,163,938 | (448,344) | (8,454,334) | (11,074,044) | 58,722,094 |
| Acquisition of Partnership Interest | - | - | (481,426) | - | - | (51,383) | (532,809) |
| Contributions/(Distributions), net | - | (99,900) | - | - | - | 99,900 | - |
| NET ASSETS AT END OF YEAR | <u>\$ 65,275,693</u> | <u>\$ 9,867,362</u> | <u>\$ 11,915,172</u> | <u>\$ (518,442)</u> | <u>\$ (8,492,867)</u> | <u>\$ (11,230,828)</u> | <u>\$ 66,816,090</u> |

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES -
COMMUNITY HOUSINGWORKS
FOR THE YEAR ENDED DECEMBER 31, 2019**

| | Program Services | | | | Supporting Services | | Total Expenses |
|---|---------------------|--------------------------------|-------------------------|---------------------|------------------------|-------------------|---------------------|
| | Community Programs | Special Needs Housing Programs | Real Estate Development | Asset Management | Management and General | Fundraising | |
| <u>Personnel Expenses:</u> | | | | | | | |
| Salaries and wages | \$ 1,667,141 | \$ 27,800 | \$ 2,278,488 | \$ 760,462 | \$ 666,620 | \$ 290,460 | \$ 5,690,971 |
| Payroll taxes | 127,867 | 2,351 | 166,974 | 61,927 | 45,781 | 25,295 | 430,195 |
| Health insurance and other benefits | 243,748 | 4,531 | 233,057 | 96,085 | 84,205 | 37,219 | 698,845 |
| Temporary/contract personnel | 30,333 | 3,941 | 41,487 | 22,758 | 77,959 | 29,132 | 205,610 |
| Total Personnel Expenses | <u>2,069,089</u> | <u>38,623</u> | <u>2,720,006</u> | <u>941,232</u> | <u>874,565</u> | <u>382,106</u> | <u>7,025,621</u> |
| <u>Occupancy:</u> | | | | | | | |
| Office rent | 133,912 | 21,917 | 268,204 | 92,149 | 86,396 | 29,538 | 632,116 |
| Telephone/Internet | 14,133 | 2,119 | 26,560 | 8,890 | 8,870 | 5,376 | 65,948 |
| Total Occupancy | <u>148,045</u> | <u>24,036</u> | <u>294,764</u> | <u>101,039</u> | <u>95,266</u> | <u>34,914</u> | <u>698,064</u> |
| <u>Insurance</u> | <u>(4,980)</u> | <u>(878)</u> | <u>(14,898)</u> | <u>(10,756)</u> | <u>(49,616)</u> | <u>(10,672)</u> | <u>(91,800)</u> |
| <u>Supplies and Other Administrative Costs</u> | <u>177,819</u> | <u>12,210</u> | <u>216,327</u> | <u>70,732</u> | <u>131,674</u> | <u>61,245</u> | <u>670,007</u> |
| <u>Travel</u> | <u>69,717</u> | <u>555</u> | <u>20,085</u> | <u>18,872</u> | <u>6,852</u> | <u>4,298</u> | <u>120,379</u> |
| <u>Professional Fees:</u> | | | | | | | |
| Other professional services | 172,852 | 40,227 | 47,625 | 92,758 | 77,212 | 37,102 | 467,776 |
| Accounting (Audit) | 11,560 | 1,485 | 11,592 | 3,975 | 3,838 | 2,359 | 34,809 |
| Total Professional Fees | <u>184,412</u> | <u>41,712</u> | <u>59,217</u> | <u>96,733</u> | <u>81,050</u> | <u>39,461</u> | <u>502,585</u> |
| <u>Program/Project Expenses:</u> | | | | | | | |
| Program/Project related expenses | 285,884 | 91,489 | 3,675 | 2,016 | 5,236 | 20,944 | 409,244 |
| Property operation cost | - | 112,170 | - | - | - | - | 112,170 |
| Total Program/Project Expenses | <u>285,884</u> | <u>203,659</u> | <u>3,675</u> | <u>2,016</u> | <u>5,236</u> | <u>20,944</u> | <u>521,414</u> |
| <u>Other Expenses:</u> | | | | | | | |
| Interest | 22,730 | 12,084 | 31,087 | 17,053 | 59,059 | 14,765 | 156,778 |
| Depreciation | 13,445 | 16,738 | 18,388 | 10,087 | 34,934 | 8,733 | 102,325 |
| Contributions to others | 5,742 | 680 | 8,477 | 3,886 | 13,372 | 3,355 | 35,512 |
| Property loss | - | - | 18,845 | - | - | - | 18,845 |
| Total Other Expenses | <u>41,917</u> | <u>29,502</u> | <u>76,797</u> | <u>31,026</u> | <u>107,365</u> | <u>26,853</u> | <u>313,460</u> |
| TOTAL EXPENSES | <u>\$ 2,971,903</u> | <u>\$ 349,419</u> | <u>\$ 3,375,973</u> | <u>\$ 1,250,894</u> | <u>\$ 1,252,392</u> | <u>\$ 559,149</u> | <u>\$ 9,759,730</u> |

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES -
COMMUNITY HOUSINGWORKS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Program Services | | | | Supporting Services | | Total Expenses |
|---|---------------------|--------------------------------|-------------------------|---------------------|------------------------|-------------------|---------------------|
| | Community Programs | Special Needs Housing Programs | Real Estate Development | Asset Management | Management and General | Fundraising | |
| <u>Personnel Expenses:</u> | | | | | | | |
| Salaries and wages | \$ 1,324,821 | \$ 38,945 | \$ 1,890,683 | \$ 574,704 | \$ 594,678 | \$ 160,249 | \$ 4,584,080 |
| Payroll taxes | 123,003 | 3,442 | 150,794 | 50,052 | 48,919 | 14,582 | 390,792 |
| Health insurance and other benefits | 177,826 | 3,750 | 197,983 | 68,942 | 73,789 | 21,966 | 544,256 |
| Temporary/contract personnel | 12,082 | 191 | 1,084 | 690 | 4,522 | 8,259 | 26,828 |
| Total Personnel Expenses | <u>1,637,732</u> | <u>46,328</u> | <u>2,240,544</u> | <u>694,388</u> | <u>721,908</u> | <u>205,056</u> | <u>5,545,956</u> |
| <u>Occupancy:</u> | | | | | | | |
| Office rent | 107,158 | 14,358 | 178,028 | 69,101 | 127,821 | 54,710 | 551,176 |
| Telephone/Internet | 13,860 | 1,661 | 18,719 | 6,524 | 8,277 | 4,776 | 53,817 |
| Leasehold improvements | 99 | 13 | 183 | 67 | 83 | 49 | 494 |
| Total Occupancy | <u>121,117</u> | <u>16,032</u> | <u>196,930</u> | <u>75,692</u> | <u>136,181</u> | <u>59,535</u> | <u>605,487</u> |
| <u>Insurance</u> | <u>6,000</u> | <u>1,144</u> | <u>6,553</u> | <u>998</u> | <u>(17,011)</u> | <u>(1,321)</u> | <u>(3,637)</u> |
| <u>Supplies and Other Administrative Costs</u> | <u>169,843</u> | <u>13,084</u> | <u>207,706</u> | <u>56,763</u> | <u>119,446</u> | <u>63,638</u> | <u>630,480</u> |
| <u>Travel</u> | <u>44,760</u> | <u>642</u> | <u>19,398</u> | <u>29,455</u> | <u>7,139</u> | <u>3,061</u> | <u>104,455</u> |
| <u>Professional Fees:</u> | | | | | | | |
| Other professional services | 145,690 | 32,346 | 92,260 | 195,676 | 115,926 | 54,564 | 636,462 |
| Equipment/computer services | 753 | 102 | 682 | 251 | 310 | 183 | 2,281 |
| Accounting (Audit) | 9,919 | 1,342 | 10,930 | 3,348 | 4,903 | 2,518 | 32,960 |
| Total Professional Fees | <u>156,362</u> | <u>33,790</u> | <u>103,872</u> | <u>199,275</u> | <u>121,139</u> | <u>57,265</u> | <u>671,703</u> |
| <u>Program/Project Expenses:</u> | | | | | | | |
| Program/Project related expenses | 214,311 | 121,742 | 1,544 | 2,557 | 5,977 | 28,382 | 374,513 |
| Property operation cost | - | 83,617 | - | - | - | - | 83,617 |
| Total Program/Project Expenses | <u>214,311</u> | <u>205,359</u> | <u>1,544</u> | <u>2,557</u> | <u>5,977</u> | <u>28,382</u> | <u>458,130</u> |
| <u>Other Expenses:</u> | | | | | | | |
| Interest | 22,787 | 12,135 | 17,066 | 10,864 | 67,153 | 13,431 | 143,436 |
| Depreciation | 11,025 | 22,934 | 8,257 | 5,256 | 32,490 | 6,498 | 86,460 |
| Contributions to others | 10,542 | 1,358 | 9,392 | 4,820 | 28,838 | 5,860 | 60,810 |
| Property loss | - | - | 25,552 | - | - | - | 25,552 |
| Total Other Expenses | <u>44,354</u> | <u>36,427</u> | <u>60,267</u> | <u>20,940</u> | <u>128,481</u> | <u>25,789</u> | <u>316,258</u> |
| TOTAL EXPENSES | <u>\$ 2,394,479</u> | <u>\$ 352,806</u> | <u>\$ 2,836,814</u> | <u>\$ 1,080,068</u> | <u>\$ 1,223,260</u> | <u>\$ 441,405</u> | <u>\$ 8,328,832</u> |

**COMMUNITY HOUSINGWORKS
 SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES -
 PARTNERSHIP AND LIMITED LIABILITY COMPANIES
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

| | <u>2019</u> | <u>2018</u> |
|-----------------------|--------------------------------|--------------------------------|
| | <u>Parks at Fig Garden</u> | <u>Parks at Fig Garden</u> |
| Administrative | \$ 2,688 | \$ 365 |
| Taxes and insurance | <u>1,200</u> | <u>828</u> |
| TOTAL EXPENSES | <u><u>\$ 3,888</u></u> | <u><u>\$ 1,193</u></u> |

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES -
ESPERANZA HOUSING AND COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

| | Program Services - 2019 | | | | | | | | | | | | | | | |
|--|-----------------------------|------------------------------|----------------------|--------------------|------------------------|--------------------------------|-------------------------------|-----------------------|-------------------------|----------------------------|--------------------------------|---------------------|-------------------------|---------------------|--------------------|----------------------|
| | Bandar Salaam Apartments | Daybreak Grove Apartments | Esperanza Housing | Eucalyptus View | Haley Ranch Estates | Hillside Village Apartments | La Costa Paloma Apartments | Marisol Apartments | Old Grove Apartments | Orange Place Apartments | Parkside Terrace Apartments | Parkview Terrace | Sun Ridge Apartments | Ulric Apartments | Windsor Gardens | Total 2019 |
| Administrative | \$ 132,157 | \$ 38,893 | \$ - | \$ 95,967 | \$ 169,657 | \$ 161,123 | \$ 420,436 | \$ 99,935 | \$ 120,717 | \$ 72,890 | \$ 364,176 | \$ 229,544 | \$ 2,500 | \$ 69,108 | \$ 56,302 | \$ 2,033,405 |
| Amortization | - | - | - | - | 1,000 | - | - | - | - | - | - | 553 | - | - | - | 1,553 |
| Depreciation | 215,348 | 64,951 | 415,714 | 118,727 | 236,131 | 381,023 | 691,762 | 31,649 | 249,303 | 152,688 | 861,682 | 276,560 | - | - | 119,333 | 3,814,871 |
| Grant to Community HousingWorks | - | - | 1,797,400 | - | - | - | - | - | - | - | - | - | - | - | - | 1,797,400 |
| Marketing and leasing | 287 | - | - | 24 | 630 | 762 | 4,328 | 354 | - | 269 | 4,347 | 763 | - | 50 | 2,179 | 13,993 |
| Mortgage interest - amortized debt | 60,071 | 3,774 | - | - | - | 88,203 | 678,811 | - | 41,259 | 18,192 | 1,671,209 | 97,460 | - | 574,832 | - | 3,233,811 |
| Mortgage interest - residual receipts debt | 64,388 | 40,514 | - | 21,560 | - | 117,912 | - | 20,193 | 122,407 | 34,905 | 982,719 | 203,941 | - | - | 90,272 | 1,698,811 |
| Operating and maintenance | 245,695 | 92,772 | - | 65,564 | 209,253 | 182,357 | 552,245 | 48,546 | 121,632 | 137,258 | 337,056 | 214,905 | - | 289,475 | 72,307 | 2,569,065 |
| Partnership management fee | 34,050 | 29,240 | - | 8,514 | 53,314 | 30,870 | 60,000 | 19,161 | 76,747 | 23,700 | - | 62,728 | - | - | - | 398,324 |
| Taxes, insurance and other financial | 52,409 | 13,976 | 160 | 26,613 | 83,109 | 68,791 | 171,141 | 15,474 | 60,208 | 31,351 | 104,369 | 75,920 | 3,236 | 126,649 | 7,407 | 840,813 |
| Utilities | 118,130 | 22,247 | - | 39,333 | 16,598 | 82,495 | 163,453 | 20,662 | 59,958 | 40,063 | 271,646 | 73,313 | - | 39,354 | 44,925 | 992,177 |
| TOTAL EXPENSES | \$ 922,535 | \$ 306,367 | \$ 2,213,274 | \$ 376,302 | \$ 769,692 | \$ 1,113,536 | \$ 2,742,176 | \$ 255,974 | \$ 852,231 | \$ 511,316 | \$ 4,597,204 | \$ 1,235,687 | \$ 5,736 | \$ 1,099,468 | \$ 392,725 | \$ 17,394,223 |

| | Program Services - 2018 | | | | | | | | | | | | | | | |
|--|-----------------------------|------------------------------|----------------------|--------------------|------------------------|--------------------------------|-------------------------------|-----------------------|-------------------------|----------------------------|--------------------------------|---------------------|-------------------------|---------------------|--------------------|----------------------|
| | Bandar Salaam Apartments | Daybreak Grove Apartments | Esperanza Housing | Eucalyptus View | Haley Ranch Estates | Hillside Village Apartments | La Costa Paloma Apartments | Marisol Apartments | Old Grove Apartments | Orange Place Apartments | Parkside Terrace Apartments | Parkview Terrace | Sun Ridge Apartments | Ulric Apartments | Windsor Gardens | Total 2018 |
| Administrative | \$ 148,491 | \$ 34,335 | \$ - | \$ 93,663 | \$ 199,714 | \$ 178,839 | \$ - | \$ 109,627 | \$ 107,367 | \$ 51,066 | \$ 339,561 | \$ 224,658 | \$ 188 | \$ 42,718 | \$ - | \$ 1,530,227 |
| Amortization | - | - | - | - | 1,000 | - | - | - | - | - | - | 382 | - | - | - | 1,382 |
| Depreciation | 213,892 | 64,949 | - | 117,764 | 238,024 | 399,195 | - | 32,015 | 249,026 | 154,216 | 899,146 | 276,717 | - | - | - | 2,644,944 |
| Marketing and leasing | 1,663 | - | - | 108 | 1,619 | 1,265 | - | 576 | - | 333 | 1,720 | 559 | - | 210 | - | 8,053 |
| Mortgage interest - amortized debt | 62,646 | 4,321 | - | - | - | 91,338 | - | - | 47,285 | 19,893 | 1,710,775 | 102,213 | - | 350,396 | - | 2,388,867 |
| Mortgage interest - residual receipts debt | 63,000 | 40,515 | - | 21,560 | - | 117,912 | - | 20,212 | 122,250 | 34,906 | 856,310 | 203,940 | - | - | - | 1,480,605 |
| Operating and maintenance | 280,551 | 64,885 | - | 45,815 | 260,512 | 210,826 | - | 67,863 | 146,196 | 141,442 | 316,147 | 209,304 | - | 79,715 | - | 1,823,256 |
| Partnership management fee | 33,058 | 29,240 | - | 8,266 | 27,864 | 30,044 | - | 18,603 | 60,447 | 22,788 | - | 52,754 | - | - | - | 283,064 |
| Taxes, insurance and other financial | 49,401 | 15,727 | - | 24,646 | 75,839 | 78,379 | - | 15,053 | 63,124 | 28,407 | 246,074 | 72,031 | 1,420 | 120,380 | - | 790,481 |
| Utilities | 145,512 | 22,141 | - | 36,237 | 13,981 | 93,095 | - | 17,668 | 63,295 | 40,076 | 283,707 | 94,504 | - | 41,936 | - | 852,152 |
| TOTAL EXPENSES | \$ 998,214 | \$ 276,113 | \$ - | \$ 348,059 | \$ 818,553 | \$ 1,200,893 | \$ - | \$ 281,617 | \$ 858,990 | \$ 493,127 | \$ 4,653,440 | \$ 1,237,062 | \$ 1,608 | \$ 635,355 | \$ - | \$ 11,803,031 |

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES -
ESCONDIDO FAMILY HOUSING CORPORATION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

| | <u>2019</u> | <u>2018</u> |
|--|--|--|
| | Esperanza Garden <u>Apartments</u> | Esperanza Garden <u>Apartments</u> |
| Administrative | \$ 24,915 | \$ 24,303 |
| Depreciation | 37,871 | 53,631 |
| Mortgage interest - residual receipts debt | 30,270 | 30,270 |
| Operating and maintenance | 44,483 | 55,049 |
| Partnership management fee | 28,747 | 28,422 |
| Taxes and insurance | 7,686 | 9,625 |
| Utilities | <u>12,172</u> | <u>12,003</u> |
| TOTAL EXPENSES | <u><u>\$ 186,144</u></u> | <u><u>\$ 213,303</u></u> |

**COMMUNITY HOUSINGWORKS
SUPPLEMENTARY SCHEDULES OF FUNCTIONAL EXPENSES -
COMMUNITY HOUSING SOLUTIONS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

| | <u>2019</u> | <u>2018</u> |
|--|---------------------------------|---------------------------------|
| | <u>Pine View Apartments</u> | <u>Pine View Apartments</u> |
| Administrative | \$ 163,388 | \$ 296,573 |
| Depreciation | 82,384 | 173,268 |
| Interest on bonds payable - amortized debt | 43,175 | 91,541 |
| Interest on notes payable - residual receipts debt | 148,846 | 200,841 |
| Grant to Community HousingWorks | 1,124,423 | - |
| Letter of credit fees | 25,288 | 50,913 |
| Marketing and leasing | 2,014 | 680 |
| Miscellaneous financial expenses | 24,665 | 22,622 |
| Operating and maintenance | 220,990 | 285,885 |
| Taxes and insurance | 43,827 | 75,734 |
| Utilities | 64,809 | 135,311 |
| TOTAL EXPENSES | \$ <u>1,943,809</u> | \$ <u>1,333,368</u> |

**COMMUNITY HOUSINGWORKS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

| Federal Grants/Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Agency or Pass-Through Number | Federal Revenues Recognized | Passed Through to Subrecipient | Federal Expenditures | Total Federal Expenditures |
|--|---------------------------|--|-----------------------------------|--------------------------------------|-------------------------|----------------------------------|
| U.S. Department of Housing and Urban Development: | | | | | | |
| Direct Program: | | | | | | |
| Continuum of Care Program | 14.267 | CA1025L9D011703 / CA1025L9D011804 | \$ 56,611 | \$ - | \$ 56,611 | \$ 56,611 |
| Total Direct Program | | | <u>56,611</u> | <u>-</u> | <u>56,611</u> | <u>56,611</u> |
| Pass-Through Programs From: | | | | | | |
| Supportive Housing Program: | 14.235 | N/A | | | | |
| County of San Diego Department of Community Development (Loan) | | | <u>98,000</u> | <u>-</u> | <u>98,000</u> | <u>98,000</u> |
| HOME Investment Partnerships Program: | 14.239 | N/A | | | | |
| City of Escondido (Loan) | | | <u>182,355</u> | <u>-</u> | <u>182,355</u> | <u>182,355</u> |
| Section 4 Capacity Building for Community Development and Affordable Housing: | 14.252 | | | | | |
| Enterprise Community Partners | | 17SG0678 | <u>10,331</u> | <u>-</u> | <u>10,331</u> | <u>10,331</u> |
| Continuum of Care Program: | 14.267 | | | | | |
| County of San Diego Department of Community Development | | CA0709L9D011710 / CA0703L9D011811 / | <u>130,984</u> | <u>-</u> | <u>130,984</u> | <u>130,984</u> |
| Total Pass-Through Programs | | | <u>421,670</u> | <u>-</u> | <u>421,670</u> | <u>421,670</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>478,281</u> | <u>-</u> | <u>478,281</u> | <u>478,281</u> |
| Neighborhood Reinvestment Corporation: | | | | | | |
| Direct Programs: | | | | | | |
| Capital Grant | | N/A | 772,840 | - | 772,840 | 772,840 |
| Expendable Grant | | N/A | 884,480 | - | 734,480 | 734,480 |
| Total Direct Programs | | | <u>1,657,320</u> | <u>-</u> | <u>1,507,320</u> | <u>1,507,320</u> |
| Total Neighborhood Reinvestment Corporation | | | <u>1,657,320</u> | <u>-</u> | <u>1,507,320</u> | <u>1,507,320</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 2,135,601</u> | <u>\$ -</u> | <u>\$ 1,985,601</u> | <u>\$ 1,985,601</u> |

**COMMUNITY HOUSINGWORKS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Community HousingWorks under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Community HousingWorks, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community HousingWorks.

Note 2 - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* or the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement

Community HousingWorks has elected not to use the 10-percent de minimus indirect cost rate as allowed under Uniform Guidance.

Note 3 - Loan Programs:

The following is the activity of the loans payable for the year ended December 31, 2019:

| CFDA Number | Program Name | Loans Outstanding at December 31, 2018 | Loans Awarded for the Year Ended December 31, 2019 | Loan Principal Repaid for the Year Ended December 31, 2019 | Loans Outstanding at December 31, 2019 |
|----------------|--|---|--|--|---|
| 14.235 | Supportive Housing Program: County of San Diego Department of Community Development | \$ 98,000 | \$ - | \$ 24,500 | \$ 73,500 |
| 14.239 | Home Investment Partnerships Program: City of Escondido | 182,355 | - | - | 182,355 |
| | Total Loans | <u>\$ 280,355</u> | <u>\$ -</u> | <u>\$ 24,500</u> | <u>\$ 255,855</u> |



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

To the Board of Directors
Community HousingWorks

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Community HousingWorks, which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated May 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Community HousingWorks' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community HousingWorks' internal control. Accordingly, we do not express an opinion on the effectiveness of Community HousingWorks' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community HousingWorks' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community HousingWorks' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community HousingWorks' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leaf & Cole LLP

San Diego, California
May 20, 2020



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

**Independent Auditor's Report on Compliance
for the Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance**

To the Board of Directors
Community HousingWorks

Report on Compliance for the Major Federal Program

We have audited Community HousingWorks' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Community HousingWorks' major federal program for the year ended December 31, 2019. Community HousingWorks' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Community HousingWorks' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community HousingWorks' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Community HousingWorks' compliance.

Opinion on the Major Federal Program

In our opinion, Community HousingWorks complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of Community HousingWorks is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community HousingWorks' internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community HousingWorks' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Leaf & Cole LLP

San Diego, California
May 20, 2020

**COMMUNITY HOUSINGWORKS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section I - Summary of Auditor's Results:

Financial Statements

| | | | | |
|--|-----------|-------------------|----------|--|
| Type of auditor's report issued on whether the consolidated financial statements audited were prepared in accordance with U.S. GAAP: | | <u>Unmodified</u> | | |
| Internal control over financial reporting: | | | | |
| Material weaknesses identified? | _____ Yes | _____ X | _____ No | |
| Significant deficiencies identified? | _____ Yes | _____ X | _____ No | |
| Noncompliance material to consolidated financial statements noted? | _____ Yes | _____ X | _____ No | |

Federal Awards

| | | | | |
|--|-----------|-------------------|----------|--|
| Type of auditor's report issued on compliance for the major program: | | <u>Unmodified</u> | | |
| Internal control over major program: | | | | |
| Material weaknesses identified? | _____ Yes | _____ X | _____ No | |
| Significant deficiencies identified? | _____ Yes | _____ X | _____ No | |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | _____ Yes | _____ X | _____ No | |

Identification of the major program:

| | |
|--|---|
| <u>CDFA Number</u> | <u>Name of Federal Program or Cluster</u> |
| 99.999 | Neighborhood Reinvestment Corporation |
| Dollar threshold used to distinguish between Type A and Type B programs: | \$ <u>750,000</u> |
| Auditee qualified as low-risk auditee? | _____ X Yes _____ No |

Section II - Financial Statement Findings:

None

Section III - Federal Award Findings and Questioned Costs:

None

| | |
|----------------------|--|
| Prepared For: | Community HousingWorks |
| Prepared By: | California Housing Partnership Corporation |
| Version: | v5.4 Closing |
| Revised: | 8/11/2020 |
| Filename: | Ulric I - v5.4 Closing .xlsx |

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| TCAC Calculations..... | 10a | Investment Summary..... | 16 |
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SOURCES OF FUNDS - PERMANENT

| | AMOUNT | TOTAL INTEREST COST | OID INTEREST RATE | AMORT (Yr) | COMMENTS | | | |
|---|-------------------|---------------------|-------------------|------------|---|------------------------|------------------|---------------------|
| Tax Exempt Perm Loan - A Tranche | 3,052,000 | 3.520% | | 15.0 | Term - 15 (yrs.) | Index - 10Y T - 1.670% | Spread - 185 bps | U/W Cushion - 0 bps |
| HCD - MHP | 18,222,571 | 3.000% | 1.903% | 55.0 | | | | |
| San Diego Housing Commission | 7,000,000 | 3.000% | 1.788% | 55.0 | | | | |
| Accrued Deferred Interest - San Diego | 250,036 | | | | | | | |
| County of SD - IHTF | 7,000,000 | 3.000% | 1.788% | 55.0 | | | | |
| Accrued Deferred Interest - County of S | 250,036 | | | | | | | |
| Deferred Developer Fee | 1,500,000 | | | | Capitalized Developer Fee | | 2,000,000 | |
| Capital Contributions | | | | | Aggregate Equity Pricing: | | 0.92 | |
| General Partner (Developer Fee) | 1,308,097 | | | | Total LP capital includes release of bond collateral funded during construction | | | |
| General Partner (Other) | 100 | | | | Synd Costs | | 170,467 | |
| Limited Partners | 14,840,940 | | | | Net Equity for TCAC | | 14,670,473 | |
| TOTAL SOURCES | 53,423,779 | | | | | | 11,872,752 | |
| Surplus/(Shortfall) | (0) | | | | | | | |

| PERMANENT LOAN INTEREST RATE | TRANCHE A | INVESTOR EQUITY STACK | OTHER ASSUMPTIONS |
|------------------------------|---------------|----------------------------------|-----------------------------|
| Base Rate | 3.520% | LIHTC Equity (Federal+State) | Current AFR: 1.90% |
| Cushion | 0.000% | Historic Tax Credit | AFR Month: 1/1/17 |
| MIP | 0.000% | Investment Tax Credit (Solar PV) | AFR Cushion: 0.00% |
| GNMA/Servicing | 0.000% | Subtotal LP Equity | Total U/W AFR: 1.90% |
| Issuer | 0.000% | | |
| Trustee | 0.000% | | |
| Rating | 0.000% | CA Certificated Credit Sale | |
| Remarketing | 0.000% | Total Investor Equity | |
| Rebate Analyst | 0.000% | | |
| Total | 3.520% | | |

SOURCES OF FUNDS - CONSTRUCTION

| | AMOUNT | INTEREST RATE | TERM (Mos.) | COMMENTS |
|---|-------------------|---------------|-------------|--|
| Tax-Exempt Construction Loan | 28,930,321 | 3.100% | 24 | |
| Taxable Construction Loan | 4,980,705 | 3.100% | 24 | |
| San Diego Housing Commission | 6,300,000 | 3.000% | 24 | |
| Accrued Deferred Interest - San Diego | 250,036 | | | |
| County of SD - IHTF | 6,300,000 | 3.000% | 24 | |
| Accrued Deferred Interest - County of S | 250,036 | | | |
| Costs Deferred Until Conversion | 1,944,393 | | | See page 2 - right column |
| Deferred Developer Fee | 1,500,000 | | | |
| Capital Contributions | | | | LP Equity - Construction Period |
| General Partner (Developer Fee) | 0 | | | LP Equity used for construction 2,968,188 20.00% |
| General Partner (Other) | 100 | | | LP Equity used for bond collateral 0 0.00% |
| Limited Partners* | 2,968,188 | | | Total Equity During Constr 2,968,188 20.00% |
| TOTAL SOURCES | 53,423,779 | | | Syndication Costs 170,467 |
| Surplus/(Shortfall) | 0 | | | Net Equity for TCAC 2,797,721 |
| Sources Less Deferred To Conversion: | 51,479,386 | | | Less Costs Deferred to Conversion 50,455,591 |

| CONSTRUCTION LOAN INTEREST RATE | CONSTRUCTION LOAN VALUATION | TAX-EXEMPT BOND DATA |
|---|------------------------------------|---|
| Index Type: LIBOR | Restricted NOI 403,171 | 50% Test (see Page 7): 58.67% |
| Current Index: 1.00% | OAR 5.00% | Issuer Inducement: TBD |
| Spread: 1.85% | Perm Loan Amount 8,063,420 | CDLAC Allocation: 28,930,321 |
| Base Interest Rate (not including cushi | Credit Value 0.92 14,840,940 | Percent of CDLAC Allocation Use 100.00% |
| Cushion - Private Placement / Convent | Perm-Only Soft Debt 19,622,571 | Const-only portion: 25,878,321 |
| Interest Rate (All-In) 3.10% | Total Value 42,526,931 | |
| | LTV: 85.00% | CDLAC Limit 43,120,000 |
| | Max. Const. Loan Amount 36,147,891 | CDLAC Limit 60% 29,584,275 |
| | Commitment Amount TBD | |

| | |
|----------------------|-----------------------|
| Uses of Funds | Version: v5.4 Closing |
|----------------------|-----------------------|

| | Res Cost: | | 100.00% | | COST ALLOCATIONS | | | | | | LIHTC ELIGIBLE BASIS | | OTHER BASIS & COST ALLOCATIONS | | | |
|--|--------------|----------|-------------|-----------------------|------------------|-------------|---------|---|---------|------------|----------------------|-----------|--------------------------------------|-------------------------|---------------------------------|---------------------------------|
| | Res Sq Foot: | | 100.00% | | | | | | | | | | | | | |
| | TOTAL | Per Unit | RESIDENTIAL | TOTAL NON-RESIDENTIAL | NON-DEPREC | DEPRECIABLE | | | EXPENSE | AMORTIZE | CONST/REHAB | ACQ | Deferred to Completion or Perm Conv. | Land/Basis for 50% Test | Historic Rehab Tax Credit Basis | ITC Tax Credit Basis (Solar PV) |
| ACQUISITION COSTS | | | | | | | | | | | | | | | | |
| Total Purchase Price - Real Estate: 7,700,000 | | | | | | | | | | | | | | | | |
| Total Construction Contract: 27,872,287 | | | | | | | | | | | | | | | | |
| Land - Ulric | 7,700,000 | 80,208 | 7,700,000 | 0 | 7,700,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,700,000 | 0 | 0 | 0 |
| Title/Recording/Escrow - Acquisition | 4,500 | 47 | 4,500 | 0 | 4,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,500 | 0 | 0 | 0 |
| Legal - Acquisition | 4,450 | 46 | 4,450 | 0 | 4,450 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,450 | 0 | 0 | 0 |
| Land Holding Costs | 1,185,224 | 12,346 | 1,185,224 | 0 | 1,185,224 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,185,224 | 0 | 0 | 0 |
| Off-site Improvements | 550,000 | 5,729 | 550,000 | 0 | 550,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HARD COSTS | | | | | | | | | | | | | | | | |
| NEW CONSTRUCTION | | | | | | | | | | | | | | | | |
| Hard Costs-Unit Construction | 21,383,691 | 222,747 | 21,383,691 | 0 | 21,383,691 | 0 | 0 | 0 | 0 | 21,383,691 | 0 | 0 | 21,383,691 | 21,383,691 | 0 | 0 |
| Personal Property in Construction Contract | 960,000 | 10,000 | 960,000 | 0 | 960,000 | 0 | 0 | 0 | 0 | 960,000 | 0 | 0 | 960,000 | 0 | 0 | 0 |
| Site Improvements/Landscape | 1,792,853 | 18,676 | 1,792,853 | 0 | 1,792,853 | 0 | 0 | 0 | 0 | 1,792,853 | 0 | 0 | 1,792,853 | 0 | 0 | 0 |
| GC - General Conditions | 1,260,000 | 13,125 | 1,260,000 | 0 | 1,260,000 | 0 | 0 | 0 | 0 | 1,260,000 | 0 | 0 | 1,260,000 | 1,260,000 | 0 | 0 |
| GC - Overhead & Profit | 1,366,633 | 14,236 | 1,366,633 | 0 | 1,366,633 | 0 | 0 | 0 | 0 | 1,366,633 | 0 | 0 | 1,366,633 | 1,366,633 | 0 | 0 |
| GC - Insurance | 321,488 | 3,349 | 321,488 | 0 | 321,488 | 0 | 0 | 0 | 0 | 321,488 | 0 | 0 | 321,488 | 321,488 | 0 | 0 |
| GC - Bond Premium | 237,622 | 2,475 | 237,622 | 0 | 237,622 | 0 | 0 | 0 | 0 | 237,622 | 0 | 0 | 237,622 | 237,622 | 0 | 0 |
| Construction - Other - Owner Repair Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contingency - Owner's Construction | 2,020,741 | 21,049 | 2,020,741 | 0 | 2,020,741 | 0 | 0 | 0 | 0 | 2,020,741 | 0 | 0 | 2,020,741 | 2,020,741 | 0 | 0 |
| SOFT COSTS | | | | | | | | | | | | | | | | |
| Architecture - Design | 1,125,340 | 11,722 | 1,125,340 | 0 | 1,125,340 | 0 | 0 | 0 | 0 | 1,125,340 | 0 | 0 | 1,125,340 | 1,125,340 | 0 | 0 |
| Design/Engineering - Civil | 390,000 | 4,063 | 390,000 | 0 | 390,000 | 0 | 0 | 0 | 0 | 390,000 | 0 | 0 | 390,000 | 390,000 | 0 | 0 |
| Design/Engineering - Dry Utilities | 44,000 | 458 | 44,000 | 0 | 44,000 | 0 | 0 | 0 | 0 | 44,000 | 0 | 0 | 44,000 | 44,000 | 0 | 0 |
| Design/Engineering - Traffic | 15,000 | 156 | 15,000 | 0 | 15,000 | 0 | 0 | 0 | 0 | 15,000 | 0 | 0 | 15,000 | 15,000 | 0 | 0 |
| Design/Engineering - Reimbursables | 5,000 | 52 | 5,000 | 0 | 5,000 | 0 | 0 | 0 | 0 | 5,000 | 0 | 0 | 5,000 | 5,000 | 0 | 0 |
| Geotech/Soils Report | 100,000 | 1,042 | 100,000 | 0 | 100,000 | 0 | 0 | 0 | 0 | 100,000 | 0 | 0 | 100,000 | 100,000 | 0 | 0 |
| Phase I/II/Toxics Report | 41,049 | 428 | 41,049 | 0 | 41,049 | 0 | 0 | 0 | 0 | 41,049 | 0 | 0 | 41,049 | 41,049 | 0 | 0 |
| PNA/CNA Report | 2,000 | 21 | 2,000 | 0 | 2,000 | 0 | 0 | 0 | 0 | 2,000 | 0 | 0 | 2,000 | 2,000 | 0 | 0 |
| ALTA Survey | 20,000 | 208 | 20,000 | 0 | 20,000 | 0 | 0 | 0 | 0 | 20,000 | 0 | 0 | 20,000 | 20,000 | 0 | 0 |
| Special Inspections/Testing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Environmental Consulting | 1,545 | 16 | 1,545 | 0 | 1,545 | 0 | 0 | 0 | 0 | 1,545 | 0 | 0 | 1,545 | 1,545 | 0 | 0 |
| Prevailing Wage Monitor | 146,330 | 1,524 | 146,330 | 0 | 146,330 | 0 | 0 | 0 | 0 | 146,330 | 0 | 0 | 146,330 | 146,330 | 0 | 0 |
| LEED / HERS Rater | 35,000 | 365 | 35,000 | 0 | 35,000 | 0 | 0 | 0 | 0 | 35,000 | 0 | 0 | 35,000 | 35,000 | 0 | 0 |
| Owner's Rep / Construction Supervision | 166,800 | 1,738 | 166,800 | 0 | 166,800 | 0 | 0 | 0 | 0 | 166,800 | 0 | 0 | 166,800 | 166,800 | 0 | 0 |
| Bond Premium | 30,000 | 313 | 30,000 | 0 | 30,000 | 0 | 0 | 0 | 0 | 30,000 | 0 | 0 | 30,000 | 30,000 | 0 | 0 |
| Entitlement Consultant | 30,000 | 313 | 30,000 | 0 | 30,000 | 0 | 0 | 0 | 0 | 30,000 | 0 | 0 | 30,000 | 30,000 | 0 | 0 |
| Local Development Impact Fees | 1,211,312 | 12,618 | 1,211,312 | 0 | 1,211,312 | 0 | 0 | 0 | 0 | 1,211,312 | 0 | 0 | 1,211,312 | 1,211,312 | 0 | 0 |
| Impact Fee Waiver | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Local Permits/Fees | 235,400 | 2,452 | 235,400 | 0 | 235,400 | 0 | 0 | 0 | 0 | 235,400 | 0 | 0 | 235,400 | 235,400 | 0 | 0 |
| Utility Connection Fees | 3,500 | 36 | 3,500 | 0 | 3,500 | 0 | 0 | 0 | 0 | 3,500 | 0 | 0 | 3,500 | 3,500 | 0 | 0 |
| Security During Const | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Relocation - Temporary (Rehab) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Relocation - Permanent | 1,275,286 | 13,284 | 1,275,286 | 0 | 1,275,286 | 0 | 0 | 0 | 0 | 1,275,286 | 0 | 0 | 1,275,286 | 1,275,286 | 0 | 0 |
| Real Estate Taxes During Const | 134,750 | 1,404 | 134,750 | 0 | 134,750 | 0 | 0 | 0 | 0 | 134,750 | 0 | 0 | 134,750 | 134,750 | 0 | 0 |
| Insurance During Const | 269,401 | 2,806 | 269,401 | 0 | 269,401 | 0 | 0 | 0 | 0 | 269,401 | 0 | 0 | 269,401 | 269,401 | 0 | 0 |
| Appraisal | 15,600 | 163 | 15,600 | 0 | 15,600 | 0 | 0 | 0 | 0 | 15,600 | 0 | 0 | 15,600 | 15,600 | 0 | 0 |
| Market/Rent Comp Study | 8,500 | 89 | 8,500 | 0 | 8,500 | 0 | 0 | 0 | 8,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Printing/Owner Costs | 10,000 | 104 | 10,000 | 0 | 10,000 | 0 | 0 | 0 | 0 | 10,000 | 0 | 0 | 10,000 | 10,000 | 0 | 0 |
| Soft Cost Contingency | 384,276 | 4,003 | 384,276 | 0 | 384,276 | 0 | 0 | 0 | 0 | 384,276 | 0 | 0 | 384,276 | 384,276 | 0 | 0 |
| Predev. Loan Interest/Fees | 479,487 | 4,995 | 479,487 | 0 | 269,337 | 0 | 210,150 | 0 | 0 | 269,337 | 0 | 0 | 269,337 | 269,337 | 0 | 0 |
| Construction Loan Interest | 1,141,822 | 11,894 | 1,141,822 | 0 | 693,402 | 0 | 448,420 | 0 | 0 | 693,402 | 0 | 0 | 693,402 | 693,402 | 0 | 0 |
| Construction Loan Interest - Tail | 52,761 | 550 | 52,761 | 0 | 0 | 0 | 52,761 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accrued Interest - San Diego Housing Commissi | 250,036 | 2,605 | 250,036 | 0 | 180,736 | 0 | 69,299 | 0 | 0 | 180,736 | 0 | 10,799 | 180,736 | 180,736 | 0 | 0 |
| Accrued Interest - County of SD - IHTF | 250,036 | 2,605 | 250,036 | 0 | 180,736 | 0 | 69,299 | 0 | 0 | 180,736 | 0 | 10,799 | 180,736 | 180,736 | 0 | 0 |
| Title/Recording/Escrow - Construction | 60,000 | 625 | 60,000 | 0 | 60,000 | 0 | 0 | 0 | 0 | 60,000 | 0 | 0 | 60,000 | 60,000 | 0 | 0 |
| Title/Recording/Escrow - Permanent | 10,000 | 104 | 10,000 | 0 | 10,000 | 0 | 0 | 0 | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Legal (Owner): Construction Closing | 45,000 | 469 | 45,000 | 0 | 45,000 | 0 | 0 | 0 | 0 | 45,000 | 0 | 0 | 45,000 | 45,000 | 0 | 0 |
| Permanent Closing Organization of Ptnshp | 9,826 | 102 | 9,826 | 0 | 0 | 0 | 0 | 0 | 9,826 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Syndication - LP | 35,000 | 365 | 35,000 | 0 | 35,000 | 0 | 0 | 0 | 0 | 35,000 | 0 | 0 | 35,000 | 35,000 | 0 | 0 |
| Syndication Consulting | 100,698 | 1,049 | 100,698 | 0 | 100,698 | 0 | 0 | 0 | 0 | 100,698 | 0 | 0 | 100,698 | 100,698 | 0 | 0 |
| Audit/Cost Certification | 24,943 | 260 | 24,943 | 0 | 24,943 | 0 | 0 | 0 | 0 | 24,943 | 0 | 24,943 | 24,943 | 24,943 | 0 | 0 |
| TCAC Application/Res/Monitoring Fee | 56,493 | 588 | 56,493 | 0 | 0 | 0 | 0 | 0 | 56,493 | 0 | 0 | 39,360 | 0 | 0 | 0 | 0 |
| Marketing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Furnishings Not in Contract | 80,000 | 833 | 80,000 | 0 | 80,000 | 0 | 0 | 0 | 0 | 80,000 | 0 | 0 | 80,000 | 80,000 | 0 | 0 |
| Start-up /Lease-up Expenses | 150,000 | 1,563 | 150,000 | 0 | 150,000 | 0 | 0 | 0 | 0 | 150,000 | 0 | 150,000 | 150,000 | 150,000 | 0 | 0 |
| Capitalized Replacement Reserve | 48,000 | 500 | 48,000 | 0 | 48,000 | 0 | 0 | 0 | 0 | 48,000 | 0 | 48,000 | 48,000 | 48,000 | 0 | 0 |
| Capitalized Operating Reserve (4 mos.) | 342,396 | 3,567 | 342,396 | 0 | 342,396 | 0 | 0 | 0 | 0 | 342,396 | 0 | 342,396 | 342,396 | 342,396 | 0 | 0 |
| Developer Fee | 4,808,097 | 50,084 | 4,808,097 | 0 | 4,808,097 | 0 | 0 | 0 | 0 | 4,808,097 | 0 | 1,308,097 | 4,808,097 | 4,808,097 | 0 | 0 |
| COSTS OF ISSUANCE/FINANCING FEES | | | | | | | | | | | | | | | | |
| Underwriter Fee | 60,000 | 625 | 60,000 | 0 | 20,989 | 0 | 0 | 0 | 39,011 | 20,989 | 0 | 0 | 20,989 | 20,989 | 0 | 0 |
| Bond Counsel | 50,000 | 521 | 50,000 | 0 | 17,491 | 0 | 0 | 0 | 32,509 | 17,491 | 0 | 0 | 17,491 | 17,491 | 0 | 0 |
| Issuer Counsel | 45,000 | 469 | 45,000 | 0 | 15,742 | 0 | 0 | 0 | 29,258 | 15,742 | 0 | 0 | 15,742 | 15,742 | 0 | 0 |
| Issuer Financial Advisor | 35,000 | 365 | 35,000 | 0 | 12,244 | 0 | 0 | 0 | 22,756 | 12,244 | 0 | 0 | 12,244 | 12,244 | 0 | 0 |
| Issuer Application Fee | 13,000 | 135 | 13,000 | 0 | 4,548 | 0 | 0 | 0 | 8,452 | 4,548 | 0 | 0 | 4,548 | 4,548 | 0 | 0 |
| Issuer Fee - Upfront | 84,778 | 883 | 84,778 | 0 | 29,657 | 0 | 0 | 0 | 55,120 | 29,657 | 0 | 0 | 29,657 | 29,657 | 0 | 0 |
| Issuer Fee - Annual During Const. | 57,861 | 603 | 57,861 | 0 | 20,241 | 0 | 0 | 0 | 37,620 | 20,241 | 0 | 0 | 20,241 | 20,241 | 0 | 0 |
| Construction Lender Origination Fee | 339,110 | 3,532 | 339,110 | 0 | 118,629 | 0 | 0 | 0 | 220,481 | 118,629 | 0 | 0 | 118,629 | 118,629 | 0 | 0 |
| Construction Lender Expenses | 163,500 | 1,703 | 163,500 | 0 | 57,196 | 0 | 0 | 0 | 106,304 | 57,196 | 0 | 0 | 57,196 | 57,196 | 0 | 0 |
| Construction Lender Counsel | | | | | | | | | | | | | | | | |

Developer Fee Calculation

Version: v5.4 Closing

| DEVELOPER FEE CALCULATION | | | |
|--|------------------|--------------|------------------|
| | CONST. | ACQ. | TOTAL |
| Fee per Base TCAC Formula | 5,342,330 | 0 | 5,342,330 |
| <i>Percent of Total</i> | <i>100.00%</i> | <i>0.00%</i> | <i>100.00%</i> |
| Max. Allowable Fee per TCAC (prorated) | 5,342,330 | 0 | 5,342,330 |
| <i>Less: Development Consulting</i> | <i>0</i> | | <i>0</i> |
| Net Allowable | 5,342,330 | 0 | 5,342,330 |
| <i>Less: Owner Reduction</i> | <i>0</i> | <i>0</i> | <i>0</i> |
| Net Allowable | 5,342,330 | 0 | 5,342,330 |
| Maximum Base Developer Fee per TCAC | | | 5,342,330 |
| Maximum Developer Fee per CDLAC | | | 4,808,097 |
| Maximum Developer Fee per Local | | | N/A |
| Maximum Developer Fee per Owner | | | N/A |
| Most Restrictive Maximum Developer Fee: | | | 4,808,097 |
| Maximum Cash Fee per TCAC (<i>Lesser of Calc. or Reservation Amount</i>) | | | 2,500,000 |
| Maximum Cash Fee per HCD | | | 2,487,320 |
| Maximum Cash Fee per Local | | | 2,000,000 |
| Maximum Cash Fee per Owner | | | N/A |
| Most Restrictive Maximum Cash Fee: | | | 2,000,000 |

| DEVELOPER FEE PAYMENT SCHEDULE | | | |
|--------------------------------|------------------|---------------|----------------|
| | Amount | % of Cash Fee | % of Total Fee |
| Construction Close | 800,000 | 40.00% | 16.64% |
| Interim Milestone 1 | - | 0.00% | 0.00% |
| Interim Milestone 2 | - | 0.00% | 0.00% |
| Interim Milestone 3 | - | 0.00% | 0.00% |
| Completion | 200,000 | 10.00% | 4.16% |
| Conversion | 900,000 | 45.00% | 18.72% |
| Final LP Pay-in 1 | - | 0.00% | 0.00% |
| Final LP Pay-in 2 | 100,000 | 5.00% | 2.08% |
| Total: Cash Fee | 2,000,000 | | |
| Plus: Deferred Developer Fee | 1,500,000 | | 31.20% |
| Plus: GP Capital | 1,308,097 | | 27.21% |
| Total Developer Fee | 4,808,097 | | |

Unit Mix & Rental Income Version: v5.4 Closing

| | |
|---|--------|
| AVERAGE AFFORDABILITY FOR LIHTC UNITS (% of Median) | 37.47% |
| 9% TCAC INCOME TARGETING POINTS: | 50.00 |
| RENT LIMITS AS OF YEAR: | 2020 |

| UTILITY ALLOWANCES | 0BR | 1BR | 2BR | 3BR | 4BR | 5BR |
|--------------------|-----|-----|-----|-----|-----|-----|
| Ulric | 52 | 62 | 82 | 105 | - | - |
| | - | - | - | - | - | - |

RESIDENTIAL INCOME

| LIHTC - Tier 2 <i>Ulric</i> Rent / Income Per: TCAC 30% AMI | | | | | | | | | | VASH 0 | | | | |
|--|-----------|-----------------|------------------------|-----------------------------|------------------------------|--------------------------|------------------------|-----------------------|-----------------------|----------------------------|----------------------------|-----------------------|----------------------|---------------------|
| Unit Type | Number | Unit Floor Area | Actual Rent TCAC AMI % | Per Unit Monthly Gross Rent | Per Unit Regulatory Net Rent | Per Unit Actual Net Rent | Total Monthly Net Rent | Total Annual Net Rent | # of Subsidized Units | Per Unit Net Subsidy Rents | Per Unit Subsidy Increment | Total Monthly Subsidy | Total Annual Subsidy | Total Annual Income |
| 0BR | 12 | 375 | 29.97% | 606 | 554 | 554 | 6,648 | 79,776 | 10 | 1,521 | 967 | 9,670 | 116,040 | 195,816 |
| 1BR | 21 | 500 | 29.96% | 649 | 587 | 587 | 12,327 | 147,924 | 0 | 1,679 | 1,092 | 0 | 0 | 147,924 |
| 2BR | 11 | 800 | 30.00% | 780 | 698 | 698 | 7,678 | 92,136 | 0 | 2,178 | 1,480 | 0 | 0 | 92,136 |
| 3BR | 10 | 1,300 | 30.01% | 901 | 795 | 796 | 7,960 | 95,520 | 0 | 3,146 | 2,350 | 0 | 0 | 95,520 |
| TOTAL | 54 | | | | | | 34,613 | 415,356 | 10 | | | 9,670 | 116,040 | 531,396 |

| LIHTC - Tier 3 <i>Ulric</i> Rent / Income Per: TCAC 40% AMI | | | | | | | | | | NOT 0 | | | | |
|--|-----------|-----------------|------------------------|-----------------------------|------------------------------|--------------------------|------------------------|-----------------------|-----------------------|----------------------------|----------------------------|-----------------------|----------------------|---------------------|
| Unit Type | Number | Unit Floor Area | Actual Rent TCAC AMI % | Per Unit Monthly Gross Rent | Per Unit Regulatory Net Rent | Per Unit Actual Net Rent | Total Monthly Net Rent | Total Annual Net Rent | # of Subsidized Units | Per Unit Net Subsidy Rents | Per Unit Subsidy Increment | Total Monthly Subsidy | Total Annual Subsidy | Total Annual Income |
| 2BR | 22 | 800 | 40.00% | 1,040 | 959 | 958 | 21,076 | 252,912 | 0 | 0 | 0 | 0 | 0 | 252,912 |
| TOTAL | 22 | | | | | | 21,076 | 252,912 | 0 | | | 0 | 0 | 252,912 |

| LIHTC - Tier 4 <i>Ulric</i> Rent / Income Per: TCAC 50% AMI | | | | | | | | | | NOT 0 | | | | |
|--|----------|-----------------|------------------------|-----------------------------|------------------------------|--------------------------|------------------------|-----------------------|-----------------------|----------------------------|----------------------------|-----------------------|----------------------|---------------------|
| Unit Type | Number | Unit Floor Area | Actual Rent TCAC AMI % | Per Unit Monthly Gross Rent | Per Unit Regulatory Net Rent | Per Unit Actual Net Rent | Total Monthly Net Rent | Total Annual Net Rent | # of Subsidized Units | Per Unit Net Subsidy Rents | Per Unit Subsidy Increment | Total Monthly Subsidy | Total Annual Subsidy | Total Annual Income |
| 3BR | 8 | 1,300 | 50.00% | 1,501 | 1,396 | 1,396 | 11,168 | 134,016 | 0 | 0 | 0 | 0 | 0 | 134,016 |
| TOTAL | 8 | | | | | | 11,168 | 134,016 | 0 | | | 0 | 0 | 134,016 |

| LIHTC - Tier 5 <i>Ulric</i> Rent / Income Per: TCAC 60% AMI | | | | | | | | | | NOT 0 | | | | |
|--|-----------|-----------------|------------------------|-----------------------------|------------------------------|--------------------------|------------------------|-----------------------|-----------------------|----------------------------|----------------------------|-----------------------|----------------------|---------------------|
| Unit Type | Number | Unit Floor Area | Actual Rent TCAC AMI % | Per Unit Monthly Gross Rent | Per Unit Regulatory Net Rent | Per Unit Actual Net Rent | Total Monthly Net Rent | Total Annual Net Rent | # of Subsidized Units | Per Unit Net Subsidy Rents | Per Unit Subsidy Increment | Total Monthly Subsidy | Total Annual Subsidy | Total Annual Income |
| 3BR | 11 | 1,300 | 60.03% | 1,802 | 1,697 | 1,697 | 18,667 | 224,004 | 0 | 0 | 0 | 0 | 0 | 224,004 |
| TOTAL | 11 | | | | | | 18,667 | 224,004 | 0 | | | 0 | 0 | 224,004 |

| Staff Units - Site 1 <i>Ulric</i> | | | | | | | | | |
|-----------------------------------|----------|-----------------|------------------------|-----------------------------|------------------------------|--------------------------|------------------------|-----------------------|--|
| Unit Type | Number | Unit Floor Area | Actual Rent TCAC AMI % | Per Unit Monthly Gross Rent | Per Unit Regulatory Net Rent | Per Unit Actual Net Rent | Total Monthly Net Rent | Total Annual Net Rent | |
| 1BR | 1 | 500 | 0.00% | 0 | 0 | 0 | 0 | 0 | |
| TOTAL | 1 | | | | | | 0 | 0 | |

| TOTAL RESIDENTIAL INCOME | | | | | | | | | | | | | | |
|--------------------------|-----------|------------------------|-----------------------|---------------------|--------------------|-------------------|------------------|-----------------------|----------------------|-----------------------|----------------------|--------------------|------------------|--|
| | Number | Total Monthly Net Rent | Total Annual Net Rent | Monthly VASH Income | Annual VASH Income | Monthly NA Income | Annual NA Income | Monthly Test C Income | Annual Test C Income | Monthly Test D Income | Annual Test D Income | Grand Total Income | Total Floor Area | |
| LIHTC | 95 | 85,524 | 1,026,288 | 9,670 | 116,040 | 0 | 0 | 0 | 0 | 0 | 0 | 1,142,328 | 79,100 | |
| Staff Units | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 500 | |
| TOTAL | 96 | 85,524 | 1,026,288 | 9,670 | 116,040 | 0 | 0 | 0 | 0 | 0 | 0 | 1,142,328 | 79,600 | |

| MISCELLANEOUS INCOME | | | |
|----------------------|--------------------|---------------|--------------|
| | Per Unit Per Month | Monthly Total | Annual Total |
| Laundry / Vending | 8.00 | 768 | 9,216 |
| Other | 0.00 | 0 | 0 |
| Parking | 0.00 | 0 | 0 |
| TOTAL | 8.00 | 768 | 9,216 |

| SUBSIDIZED UNIT MIX SUMMARY | | | | | | | |
|-----------------------------|-----------------|---------------|-------------------|-------------------|-----------------------|-------------|--|
| Unit Type | Units With VASH | Units With NA | Units With Test C | Units With Test D | Units Without Subsidy | Total Units | |
| 0BR | 10 | 0 | 0 | 0 | 2 | 12 | |
| 1BR | 0 | 0 | 0 | 0 | 22 | 22 | |
| 2BR | 0 | 0 | 0 | 0 | 33 | 33 | |
| 3BR | 0 | 0 | 0 | 0 | 29 | 29 | |
| 4BR | 0 | 0 | 0 | 0 | 0 | 0 | |
| 5BR | 0 | 0 | 0 | 0 | 0 | 0 | |
| TOTAL | 10 | 0 | 0 | 0 | 86 | 96 | |

| | |
|-----------------------------------|-----------------------|
| Calculation of Tax Credits | Version: v5.4 Closing |
|-----------------------------------|-----------------------|

| | FEDERAL | | | CALIFORNIA | | |
|---|-----------------|-----------------|------------|-------------|-----------------|-------|
| | ACQUISITION | CONST/ REHAB | TOTAL | ACQUISITION | CONST/ REHAB | TOTAL |
| TOTAL ELIGIBLE COSTS | 0 | 40,423,627 | 40,423,627 | 0 | 0 | 0 |
| Less: | | | | | | |
| 50% Energy Investment Tax Credit (Res. Portion) | 0 | 0 | 0 | 0 | 0 | 0 |
| Historic Tax Credit (Res. Portion) | | 0 | 0 | | | |
| Non-Eligible Federal Financing | 0 | 0 | 0 | | | |
| Non-Eligible Grants | 0 | 0 | 0 | | | |
| Soft Loan Basis Deduction | 0 | 0 | 0 | 0 | 0 | 0 |
| Voluntary Reduction for Tie-Breaker | 0 | 0 | 0 | 0 | 0 | 0 |
| ELIGIBLE BASIS | 0 | 40,423,627 | 40,423,627 | 0 | 0 | 0 |
| <i>Threshold Basis Limit</i> | | | 87,480,633 | | | |
| <i>TBL: Exclude GP Cap/DDF for 4%/State</i> | | | 0 | | | |
| REQUESTED UNADJUSTED ELIGIBLE BASIS (For Tiebreaker) | 0 | 40,423,627 | 40,423,627 | 0 | 0 | 0 |
| HIGH COST ADJUSTMENT (Y or N) | Y | | | 100.0% | 100.0% | |
| | <i>DDA 2018</i> | | | | | |
| ADJUSTED ELIGIBLE BASIS | 0 | 52,550,715 | 52,550,715 | 0 | 0 | 0 |
| APPLICABLE FRACTION* | 100.0% | 100.0% | | 100.0% | 100.0% | |
| QUALIFIED CREDIT BASIS | 0 | 52,550,715 | 52,550,715 | 0 | 0 | 0 |
| CREDIT RATE (TCAC UNDERWRITING) | | | | | | |
| State - Total | | | | 13.00% | 13.00% | |
| Federal Annual/Yr 1-3 State | | | | 3.07% | 9.00% | |
| Year 4 - State | | | | 3.79% | 3.00% | |
| MAX. POTENTIAL FEDERAL CREDIT (No Vol Basic Reduct/Actual Rate) | | | | | | |
| Credit Rates | 3.07% | 3.07% | | | | |
| Potential Credit | 0 | 1,613,307 | 1,613,307 | | | |
| Credit Rate Locked? YES | | | | | | |
| Nov-16 | | | | | | |
| MAX. CREDIT AMOUNT PER TCAC UNDERWRITING | | | | | | |
| Federal Annual/Yr 1 State | 0 | 1,613,307 | 1,613,307 | 0 | 0 | 0 |
| Yr 2 State | | | | 0 | 0 | 0 |
| Yr 3 State | | | | 0 | 0 | 0 |
| Yr 4 State | | | | 0 | 0 | 0 |
| Total | | | | 0 | 0 | 0 |
| MAXIMUM ALLOWABLE CREDITS (Lesser of above) | | | | | | |
| Federal Annual/Total State | 0 | 1,613,307 | 1,613,307 | | | 0 |
| MAXIMUM ALLOWABLE - TEN YEAR TOTAL | | | 16,133,070 | | | 0 |

Base Year Income & Expense

Version: v5.4 Closing

| | | |
|---|------|------------------|
| INCOME | | |
| Scheduled Gross Income - Residential | | 1,026,288 |
| Scheduled Gross Income - Residential VASH | | 0 |
| Total Gross Subsidy Income - VASH | | 116,040 |
| Misc. Income | | 9,216 |
| Vacancy Loss - Residential | 5.0% | (51,775) |
| Vacancy Loss - VASH | 7.0% | (8,123) |
| Vacancy Loss - Residential VASH | 7.0% | 0 |
| EFFECTIVE GROSS INCOME | | 1,091,646 |
| EXPENSES - RESIDENTIAL | | |
| Administrative | | |
| Advertising | | 0 |
| Legal | | 2,400 |
| Accounting/Audit | | 13,205 |
| Security | | 0 |
| Other: Misc. Admin | | 37,737 |
| Total Administrative | | 53,342 |
| Management Fee | | 55,296 |
| Utilities | | |
| Gas | | 43,812 |
| Electricity | | 30,474 |
| Water/Sewer | | 76,260 |
| Total Utilities | | 150,546 |
| Payroll/Payroll Taxes | | |
| On-Site Manager/Office Admin | | 66,560 |
| Maintenance Payroll | | 45,760 |
| Payroll Taxes/Benefits | | 33,471 |
| Total Payroll/Payroll Taxes | | 145,791 |
| Insurance | | 52,500 |
| Maintenance | | |
| Painting | | 10,000 |
| Repairs | | 21,000 |
| Trash Removal | | 12,000 |
| Exterminating | | 5,000 |
| Grounds | | 16,200 |
| Elevator | | 14,000 |
| Fire Protection | | 11,725 |
| Total Maintenance | | 89,925 |
| Other | | |
| Monitoring Fees | | 18,725 |
| Total Other | | 18,725 |
| Resident Services | | |
| Tenant Services | | 61,750 |
| Total Resident Services | | 61,750 |
| Replacement Reserve | | 57,600 |
| Real Estate Taxes | | 3,000 |
| TOTAL EXPENSES - RESIDENTIAL | | 688,475 |
| Per Unit Per Annum (incl. Reserves) | | 7,172 |
| Per Unit Per Annum (w/o taxes/res/svc/monitoring) | | 5,702 |
| TCAC Minimum (w/o taxes/res/svc) | | 5,400 |
| NET AVAILABLE INCOME | | 403,171 |
| Less: Mandatory Annual HCD Payment (Grossed Up for DSCR Factor) | 1.20 | (76,535) |
| ADJUSTED NET AVAILABLE INCOME: TOTAL | | 326,636 |
| ADJUSTED NET OF COMMERCIAL: | | 326,636 |
| ADJUSTED NET AVAILABLE INCOME: NET OF OP SUBSIDY | | 218,719 |
| Debt Service Coverage Ratio | | 1.20 |
| AVAILABLE FOR DEBT SERVICE (NET OF OP SUBSIDY) | | 182,266 |
| NET AVAILABLE INCOME AFTER SENIOR DEBT SERVICE | | 54,439 |

| | | |
|---|-----------------------|--------------|
| Mortgage Calculation/Bond Ratios | Version: v5.4 Closing | mjoy4edeewdx |
|---|-----------------------|--------------|

| | | | | |
|--|----------------------------|------------------------|--------------------|----------------|
| TRANCHE A | | | | |
| Uses baseline year NOI; includes annual fees | | | | |
| Financing Type: Tax Exempt Perm Loan - A Tranche | | | | |
| | Underwriting Constraint | Maximum Loan Amount | | |
| Debt Service Coverage | 1.20 | 3,052,214 | Rate: | 3.520% |
| Lender Commitment | | NA | Term (mths): | 180 |
| | | | NOI for DS: | <u>326,636</u> |
| | | | Max PMT @ DSCR: | 272,197 |
| MAXIMUM MORTGAGE | | 3,052,214 | Annual Fees: | <u>10,000</u> |
| | | | Annual DS Payment: | 262,197 |

| INTEREST RATE STACK | TRANCHE A | TRANCHE B | 221(D)(4) | SELECTED |
|---------------------|----------------|----------------|----------------|----------------|
| Base Rate | 3.5200% | 5.3800% | 4.2500% | 3.5200% |
| Cushion | 0.0000% | 0.0000% | 0.7500% | 0.0000% |
| MIP | 0.0000% | 0.0000% | 0.4500% | 0.0000% |
| GNMA/Servicing | 0.0000% | 0.0000% | 0.2000% | 0.0000% |
| Issuer | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| Trustee | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| Rating | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| Remarketing | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| Rebate Analyst | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| TOTAL | 3.5200% | 5.3800% | 5.6500% | 3.5200% |
| DCR | 1.20 | 1.15 | 1.15 | 1.2 |

| BOND / REHABILITATION RATIOS | | | | |
|---|------------------------|------------------------|---------------------|-------------------|
| Tax-Exempt Financing Ratio | CDLAC Allocation Limit | Effective Date Limits. | | 1/1/18 |
| | | Units | Per-Unit Limit | Total Limit |
| | | Studio and SRO | 402,500 | 4,830,000 |
| | | One BR | 420,000 | 9,240,000 |
| Series A Bonds | 3,052,000 | Two BR | 447,500 | 14,767,500 |
| Series B Bonds | 0 | Three BR | 492,500 | 14,282,500 |
| Short Term Bonds (Construction Loan Portion) | <u>25,878,321</u> | Four BR or More | 517,500 | 0 |
| TOTAL TAX-EXEMPT FINANCING | 28,930,321 | | | |
| | | TOTAL | | 43,120,000 |
| TOTAL BASIS + LAND ALLOCATION | 49,307,125 | | Potential Bond Size | 25,878,321 |
| <i>Depreciable Basis (residential)</i> | <i>40,412,951</i> | | | |
| <i>Land</i> | <i>7,700,000</i> | | | |
| <i>Holding Costs</i> | <i>1,185,224</i> | | | |
| <i>Title/Recording/Escrow/Legal - Acquisition</i> | <i>8,950</i> | | | |
| | | | Over/(Under) | -17,241,679 |
| Percent Tax-Exempt Financing | 58.67% | | | |

Lease-Up / Placed-in-Service Schedule

Version: v5.4 Closing

SCHEDULE

| | |
|-----------------------|------------------|
| Start of Construction | October 1, 2020 |
| Completion | May 1, 2022 |
| 100% Occupancy | August 1, 2022 |
| Conversion | December 1, 2022 |
| Form(s) 8609 | March 1, 2023 |

LIHTC SCHEDULE

| SINGLE BUILDING / MULTIPLE BUILDINGS - GROUP A | | |
|--|-----------|---------------|
| 1st Tax Credit Year: | | 2022 |
| Completed Lease Up by Month | | |
| Month | No. Units | Percent |
| Jan-22 | 0 | 0.0% |
| Feb-22 | 0 | 0.0% |
| Mar-22 | 0 | 0.0% |
| Apr-22 | 0 | 0.0% |
| May-22 | 32 | 33.7% |
| Jun-22 | 32 | 33.7% |
| Jul-22 | 31 | 32.6% |
| Aug-22 | 0 | 0.0% |
| Sep-22 | 0 | 0.0% |
| Oct-22 | 0 | 0.0% |
| Nov-22 | 0 | 0.0% |
| Dec-22 | 0 | 0.0% |
| Total | 95 | 100.0% |
| Total Avg % Qual. Occ. | | 58.4% |

| MULTIPLE BUILDINGS - GROUP B | | |
|-------------------------------|-----------|-------------|
| 1st Tax Credit Year: | | 2023 |
| Month | No. Units | Percent |
| Jan-23 | 0 | 0.0% |
| Feb-23 | 0 | 0.0% |
| Mar-23 | 0 | 0.0% |
| Apr-23 | 0 | 0.0% |
| May-23 | 0 | 0.0% |
| Jun-23 | 0 | 0.0% |
| Jul-23 | 0 | 0.0% |
| Aug-23 | 0 | 0.0% |
| Sep-23 | 0 | 0.0% |
| Oct-23 | 0 | 0.0% |
| Nov-23 | 0 | 0.0% |
| Dec-23 | 0 | 0.0% |
| Total | 0 | 0.0% |
| Total Avg % Qual. Occ. | | 0.0% |

LIHTC SCHEDULE -- 2/3 CREDITS

| SINGLE BUILDING / MULTIPLE BUILDINGS - GROUP A | | |
|--|-----------|-------------|
| 1st Tax Credit Year: | | 2023 |
| Completed Lease Up by Month | | |
| Month | No. Units | Percent |
| Jan-23 | 0 | 0.0% |
| Feb-23 | 0 | 0.0% |
| Mar-23 | 0 | 0.0% |
| Apr-23 | 0 | 0.0% |
| May-23 | 0 | 0.0% |
| Jun-23 | 0 | 0.0% |
| Jul-23 | 0 | 0.0% |
| Aug-23 | 0 | 0.0% |
| Sep-23 | 0 | 0.0% |
| Oct-23 | 0 | 0.0% |
| Nov-23 | 0 | 0.0% |
| Dec-23 | 0 | 0.0% |
| Total | 0 | 0.0% |
| Total Avg % Qual. Occ. | | 0.0% |

| MULTIPLE BUILDINGS - GROUP B | | |
|-------------------------------|-----------|-------------|
| 1st Tax Credit Year: | | 2024 |
| Month | No. Units | Percent |
| Jan-24 | 0 | 0.0% |
| Feb-24 | 0 | 0.0% |
| Mar-24 | 0 | 0.0% |
| Apr-24 | 0 | 0.0% |
| May-24 | 0 | 0.0% |
| Jun-24 | 0 | 0.0% |
| Jul-24 | 0 | 0.0% |
| Aug-24 | 0 | 0.0% |
| Sep-24 | 0 | 0.0% |
| Oct-24 | 0 | 0.0% |
| Nov-24 | 0 | 0.0% |
| Dec-24 | 0 | 0.0% |
| Total | 0 | 0.0% |
| Total Avg % Qual. Occ. | | 0.0% |

OPERATIONS SCHEDULE

| YEAR 0 | | |
|--|-----------|-------------|
| | | 2021 |
| Completed Lease Up by Month | | |
| Month | No. Units | Percent |
| Jan-21 | 0 | 0.0% |
| Feb-21 | 0 | 0.0% |
| Mar-21 | 0 | 0.0% |
| Apr-21 | 0 | 0.0% |
| May-21 | 0 | 0.0% |
| Jun-21 | 0 | 0.0% |
| Jul-21 | 0 | 0.0% |
| Aug-21 | 0 | 0.0% |
| Sep-21 | 0 | 0.0% |
| Oct-21 | 0 | 0.0% |
| Nov-21 | 0 | 0.0% |
| Dec-21 | 0 | 0.0% |
| Total | 0 | 0.0% |
| Total % Operating in First Year | | 0.0% |

| YEAR 1 (cumulative) | | |
|--------------------------------------|-----------|---------------|
| | | 2022 |
| Month | No. Units | Percent |
| Jan-22 | 0 | 0.0% |
| Feb-22 | 0 | 0.0% |
| Mar-22 | 0 | 0.0% |
| Apr-22 | 0 | 0.0% |
| May-22 | 96 | 100.0% |
| Jun-22 | 0 | 0.0% |
| Jul-22 | 0 | 0.0% |
| Aug-22 | 0 | 0.0% |
| Sep-22 | 0 | 0.0% |
| Oct-22 | 0 | 0.0% |
| Nov-22 | 0 | 0.0% |
| Dec-22 | 0 | 0.0% |
| Total | 96 | 100.0% |
| Total % Operating in 2nd Year | | 66.7% |

PIS SCHEDULE FOR BUILDING BASIS DEPRECIATION

| YEAR 0 | | | |
|---------------------------|-----------|--------------|--------------------|
| Mid-Month Convention | | | 2021 |
| Month | No. Units | Dep. Percent | Bldg. PIS by Month |
| Jan-21 | 0 | 0.0% | 0.0% |
| Feb-21 | 0 | 0.0% | 0.0% |
| Mar-21 | 0 | 0.0% | 0.0% |
| Apr-21 | 0 | 0.0% | 0.0% |
| May-21 | 0 | 0.0% | 0.0% |
| Jun-21 | 0 | 0.0% | 0.0% |
| Jul-21 | 0 | 0.0% | 0.0% |
| Aug-21 | 0 | 0.0% | 0.0% |
| Sep-21 | 0 | 0.0% | 0.0% |
| Oct-21 | 0 | 0.0% | 0.0% |
| Nov-21 | 0 | 0.0% | 0.0% |
| Dec-21 | 0 | 0.0% | 0.0% |
| TOTAL | 0 | 0.0% | |
| Total Avg % PIS Y1 | | 0.0% | |
| YEAR 2 (cumulative) | | | |
| Jan-22 | 0 | 0.0% | |
| Feb-22 | 0 | 0.0% | |
| Mar-22 | 0 | 0.0% | |
| Apr-22 | 0 | 0.0% | |
| May-22 | 96 | 4.2% | |
| Jun-22 | 96 | 8.3% | |
| Jul-22 | 96 | 8.3% | |
| Aug-22 | 96 | 8.3% | |
| Sep-22 | 96 | 8.3% | |
| Oct-22 | 96 | 8.3% | |
| Nov-22 | 96 | 8.3% | |
| Dec-22 | 96 | 8.3% | |
| TOTAL | 96 | 62.5% | |
| Total Avg % PIS Y2 | | 62.5% | |

PIS SCHEDULE FOR REHAB/NC BASIS DEPRECIATION

| YEAR 1 | | | |
|---------------------------|--------------|--------------|--------------|
| Mid-Month Convention | | | 2021 |
| Month | Building No. | No. Units | Percent |
| Jan-21 | 0 | 0 | 0.0% |
| Feb-21 | 0 | 0 | 0.0% |
| Mar-21 | 0 | 0 | 0.0% |
| Apr-21 | 0 | 0 | 0.0% |
| May-21 | 0 | 0 | 0.0% |
| Jun-21 | 0 | 0 | 0.0% |
| Jul-21 | 0 | 0 | 0.0% |
| Aug-21 | 0 | 0 | 0.0% |
| Sep-21 | 0 | 0 | 0.0% |
| Oct-21 | 0 | 0 | 0.0% |
| Nov-21 | 0 | 0 | 0.0% |
| Dec-21 | 0 | 0 | 0.0% |
| TOTAL | | 0 | 0.0% |
| Total Avg % PIS Y1 | | 0.0% | |
| YEAR 2 (cumulative) | | | |
| Jan-22 | 0 | 0 | 0.0% |
| Feb-22 | 0 | 0 | 0.0% |
| Mar-22 | 0 | 0 | 0.0% |
| Apr-22 | 0 | 0 | 0.0% |
| May-22 | 1 | 95 | 4.1% |
| Jun-22 | 0 | 95 | 8.2% |
| Jul-22 | 0 | 95 | 8.2% |
| Aug-22 | 0 | 95 | 8.2% |
| Sep-22 | 0 | 95 | 8.2% |
| Oct-22 | 0 | 95 | 8.2% |
| Nov-22 | 0 | 95 | 8.2% |
| Dec-22 | 0 | 95 | 8.2% |
| TOTAL | | 95 | 61.8% |
| Total Avg % PIS Y2 | | 61.8% | |

PIS SCHEDULE FOR SITEWORK/PERS. PROP. DEPRECIATION

| YEAR 1 | | | |
|---------------------------|--------------|--------------|--------------|
| Mid-Year Convention | | | 2021 |
| Month | Building No. | No. Units | Percent |
| Jan-21 | 0 | 0 | 0.0% |
| Feb-21 | 0 | 0 | 0.0% |
| Mar-21 | 0 | 0 | 0.0% |
| Apr-21 | 0 | 0 | 0.0% |
| May-21 | 0 | 0 | 0.0% |
| Jun-21 | 0 | 0 | 0.0% |
| Jul-21 | 0 | 0 | 0.0% |
| Aug-21 | 0 | 0 | 0.0% |
| Sep-21 | 0 | 0 | 0.0% |
| Oct-21 | 0 | 0 | 0.0% |
| Nov-21 | 0 | 0 | 0.0% |
| Dec-21 | 0 | 0 | 0.0% |
| TOTAL | | 0 | 0.0% |
| Total Avg % PIS Y1 | | 0.0% | |
| YEAR 2 (non-cumulative) | | | |
| Jan-22 | 0 | 0 | 0.0% |
| Feb-22 | 0 | 0 | 0.0% |
| Mar-22 | 0 | 0 | 0.0% |
| Apr-22 | 0 | 0 | 0.0% |
| May-22 | 1 | 95 | 0.0% |
| Jun-22 | 0 | 0 | 0.0% |
| Jul-22 | 0 | 0 | 8.2% |
| Aug-22 | 0 | 0 | 8.2% |
| Sep-22 | 0 | 0 | 8.2% |
| Oct-22 | 0 | 0 | 8.2% |
| Nov-22 | 0 | 0 | 8.2% |
| Dec-22 | 0 | 0 | 8.2% |
| TOTAL | | 95 | 49.5% |
| Total Avg % PIS Y2 | | 49.5% | |

| | |
|--|------------------------------|
| TCAC Calculations & Scoring | Version: v5.4 Closing |
|--|------------------------------|

| THRESHOLD BASIS LIMIT | | | | | | |
|--------------------------------------|-----------|-----------|---|---------|----------------------|-------------------|
| County: | | San Diego | | | | |
| 9% or 4% credits: | | 4% | | | | |
| Year: | | 2019 | | | | |
| Base Limits for Geographic Region | | | Threshold Basis Limit for This Project | | | |
| Unit Type | 9% | 4% | Unit Type | # Units | Per Unit Basis Limit | Total |
| 0 BR | 207,647 | 237,558 | 0 BR | 12 | 237,558 | 2,850,696 |
| 1 BR | 239,415 | 273,902 | 1 BR | 22 | 273,902 | 6,025,844 |
| 2 BR | 288,800 | 330,400 | 2 BR | 33 | 330,400 | 10,903,200 |
| 3 BR | 369,664 | 422,912 | 3 BR | 29 | 422,912 | 12,264,448 |
| 4 BR | 411,829 | 471,150 | 4 BR | 0 | 471,150 | 0 |
| 5 BR | 411,829 | 471,150 | 5 BR | 0 | 471,150 | 0 |
| | | | 96 | | | 32,044,188 |
| Energy/Resource Efficiency Boosts | | | Additional Basis Adjustments | | | |
| Renewables (50% tot./90% area) | 0% | | Boost for Prevailing Wage | | 20.0% | |
| Renewables (75% CA/90% area) | 0% | | Boost for Project Labor Agreement | | 0.0% | |
| Title 24 + 15% | 0% | | Boost for Parking beneath Units | | 0.0% | |
| Post-rehab improvement > 80% | 0% | | Boost for Childcare | | 0.0% | |
| Greywater landscaping | 0% | | Boost for 100% Special Needs | | 0.0% | |
| Community gardens > 60 s.f. | 0% | | Boost for elevator service | | 10.0% | |
| Natural flooring kitchens | 0% | | Subtotal Boost (Max 39%) | | 30.0% | 9,613,256 |
| Natural flooring common area | 0% | | Boost for Energy / Resource Efficiency | | 0.0% | 0 |
| EPA Indoor Air Plus Program met | 0% | | Toxic/Seismic Abatement Costs | | 0.0% | 0 |
| Subtotal Efficiency (Max 10%) | 0% | | Local Development Impact Fees | | | 0 |
| | | | High Opportunity Area | | 0% | 0 |
| | | | BONDS: Boost for units <= 50% AMI (excl. CA credit projec | | 1.0% | 9,933,698 |
| | | | BONDS: Boost for units <= 35% AMI (excl. CA credit projec | | 2.0% | 35,889,491 |
| | | | Total Threshold Basis Limit | | | 87,480,633 |
| | | | Potential Eligible Basis (Less DDF/GP for 4%/state) | | | 40,423,627 |
| | | | Eligible Basis Surplus / Deficit | | | 47,057,006 |

| HCD HIGH COST TEST | |
|---|---------------|
| Total Eligible Basis | 40,423,627 |
| Total Adjusted TBL (Net of Fee Waivers) | 41,657,444 |
| Percentage of ATBL | 97.04% |
| Amount Over/(Under) 130% Limit | (13,731,051) |

15-Year Cash Flow

Version: v5.4 Closing

| Assumptions | | | | | | | | | | | | | | | | | | | | |
|---|--|------------------------|-------------|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Rent Increase: Residential Tenant Rent | 2.00% | Rent Increase - VASH | 2.00% | Perm Loan - % Debt Svc Yr-1 | 0.0% | | | | | | | | | | | | | | | |
| Rent Increase: Commercial Rents | 2.00% | Rent Increase - NA | 2.00% | Perm Loan - % Debt Svc Yr 0 | 0.0% | | | | | | | | | | | | | | | |
| Expenses Increase: | 3.00% | Rent Increase - Test C | 2.00% | Perm Loan - % Debt Svc Yr 1 | 8.3% | | | | | | | | | | | | | | | |
| Reserve Increase: | 0.00% | Rent Increase - Test D | 2.00% | Perm Loan - % Debt Svc Yr 2 | 100.0% | | | | | | | | | | | | | | | |
| | | | | Perm Loan - % Debt Svc Yr 3 | 100.0% | | | | | | | | | | | | | | | |
| | Credit Period Year: | (f) | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
| GROSS POTENTIAL INCOME - RESIDENTIAL | | 0 | 0 | 684,192 | 1,046,814 | 1,067,750 | 1,089,105 | 1,110,887 | 1,133,105 | 1,155,767 | 1,178,882 | 1,202,460 | 1,226,509 | 1,251,039 | 1,276,060 | 1,301,581 | 1,327,613 | 1,354,165 | 1,381,249 | 1,408,873 |
| Incremental Income: VASH | | 0 | 0 | 77,360 | 118,361 | 120,728 | 123,143 | 125,605 | 128,118 | 130,680 | 133,293 | 135,959 | 138,679 | 141,452 | 144,281 | 147,167 | 150,110 | 153,112 | 156,175 | 159,298 |
| Misc. Income | | 0 | 0 | 6,144 | 9,400 | 9,588 | 9,780 | 9,976 | 10,175 | 10,379 | 10,586 | 10,798 | 11,014 | 11,234 | 11,459 | 11,688 | 11,922 | 12,160 | 12,404 | 12,652 |
| Vacancy Loss - Residential | 5.0% | 0 | 0 | (34,517) | (52,811) | (53,867) | (54,944) | (56,043) | (57,164) | (58,307) | (59,473) | (60,663) | (61,876) | (63,114) | (64,376) | (65,663) | (66,977) | (68,316) | (69,683) | (71,076) |
| Vacancy Loss - VASH | 7.0% | 0 | 0 | (5,415) | (8,285) | (8,451) | (8,620) | (8,792) | (8,968) | (9,148) | (9,331) | (9,517) | (9,707) | (9,902) | (10,100) | (10,302) | (10,508) | (10,718) | (10,932) | (11,151) |
| GROSS EFFECTIVE INCOME | | 0 | 0 | 727,764 | 1,113,479 | 1,135,748 | 1,158,463 | 1,181,633 | 1,205,265 | 1,229,371 | 1,253,958 | 1,279,037 | 1,304,618 | 1,330,710 | 1,357,325 | 1,384,471 | 1,412,161 | 1,440,404 | 1,469,212 | 1,498,596 |
| Operating Expenses w/ Standard Inflation | 3.0% | 0 | 0 | 382,183 | 590,473 | 608,187 | 626,433 | 645,226 | 664,583 | 684,520 | 705,056 | 726,208 | 747,994 | 770,434 | 793,547 | 817,353 | 841,874 | 867,130 | 893,144 | 919,938 |
| Operating Expenses w/ Alternate Inflation: Replacement Reserve | 3.5% | 0 | 0 | 38,400 | 59,616 | 61,703 | 63,862 | 66,097 | 68,411 | 70,805 | 73,283 | 75,848 | 78,503 | 81,250 | 84,094 | 87,038 | 90,084 | 93,237 | 96,500 | 99,878 |
| TOTAL EXPENSES | | 0 | 0 | 420,583 | 650,089 | 669,890 | 690,295 | 711,323 | 732,994 | 755,325 | 778,339 | 802,056 | 826,497 | 851,684 | 877,641 | 904,391 | 931,958 | 960,367 | 989,644 | 1,019,816 |
| Total Expenses - Residential | 3.0% | 0 | 0 | 420,583 | 650,089 | 669,890 | 690,295 | 711,323 | 732,994 | 755,325 | 778,339 | 802,056 | 826,497 | 851,684 | 877,641 | 904,391 | 931,958 | 960,367 | 989,644 | 1,019,816 |
| NET OPERATING INCOME | | 0 | 0 | 307,181 | 463,390 | 465,858 | 468,168 | 470,309 | 472,272 | 474,045 | 475,619 | 476,981 | 478,121 | 479,026 | 479,684 | 480,080 | 480,203 | 480,037 | 479,568 | 478,780 |
| REPLACEMENT RESERVE | 57,600 | 0 | 0 | 38,400 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 |
| Mandatory Annual HCD Payment | 0.42% | 0 | 0 | 0 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 |
| NET REMAINING INCOME | | 0 | 0 | 268,781 | 329,255 | 331,724 | 334,033 | 336,175 | 338,137 | 339,910 | 341,484 | 342,847 | 343,986 | 344,891 | 345,549 | 345,946 | 346,068 | 345,902 | 345,433 | 344,646 |
| PERM LOAN - TRANCHE A | Tax Exempt Perm Loan - A Tranche | | | | | | | | | | | | | | | | | | | |
| Principal Balance (Ending) | 3,052,000 | 0 | 0 | 3,052,000 | 2,894,731 | 2,731,836 | 2,563,113 | 2,388,355 | 2,207,344 | 2,019,859 | 1,825,666 | 1,624,527 | 1,416,192 | 1,200,404 | 976,897 | 745,394 | 505,610 | 257,247 | 0 | 0 |
| Annual Issuer Fee | 10,000 0.000% | 0 | 0 | 0 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Series A Bond P&I | 262,178 | 0 | 0 | 0 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 |
| Interest Payment | | 0 | 0 | 0 | 104,909 | 99,283 | 93,456 | 87,420 | 81,168 | 74,693 | 67,986 | 61,039 | 53,844 | 46,391 | 38,671 | 30,676 | 22,394 | 13,816 | 4,931 | 0 |
| Principal Payment | | 0 | 0 | 0 | 157,269 | 162,895 | 168,723 | 174,758 | 181,010 | 187,485 | 194,192 | 201,139 | 208,335 | 215,788 | 223,507 | 231,503 | 239,785 | 248,362 | 257,247 | 0 |
| TOTAL SERIES A DEBT SERVICE | | 0 | 0 | 0 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 | 272,178 |
| NET CASH FLOW | | 0 | 0 | 268,781 | 57,076 | 59,545 | 61,855 | 63,996 | 65,959 | 67,732 | 69,306 | 70,668 | 71,808 | 72,713 | 73,370 | 73,767 | 73,890 | 73,724 | 73,255 | 344,646 |
| CASH FLOW (RESERVED)/RELEASED FOR CONVERSION | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Remaining Net Cash Flow | | 0 | 0 | 268,781 | 57,076 | 59,545 | 61,855 | 63,996 | 65,959 | 67,732 | 69,306 | 70,668 | 71,808 | 72,713 | 73,370 | 73,767 | 73,890 | 73,724 | 73,255 | 344,646 |
| Debt Service Coverage Ratio (All Debt) | | NA | NA | NA | 1.21 | 1.22 | 1.23 | 1.24 | 1.24 | 1.25 | 1.25 | 1.26 | 1.26 | 1.27 | 1.27 | 1.27 | 1.27 | 1.27 | 1.27 | NA |
| DISTRIBUTION OF CASH FLOW | | | | | | | | | | | | | | | | | | | | |
| LP AMF 1 | Annual Amt: 7,500 Inflation: 3.00% | 0 | 0 | 625 | 7,725 | 7,957 | 8,195 | 8,441 | 8,695 | 8,955 | 9,224 | 9,501 | 9,786 | 10,079 | 10,382 | 10,693 | 11,014 | 11,344 | 11,685 | 12,035 |
| DDF | Annual Amt: 0 Interest Rate: 0.00% | 0 | 0 | 268,156 | 49,351 | 51,589 | 53,660 | 55,555 | 57,264 | 58,777 | 60,082 | 61,167 | 62,022 | 62,634 | 62,989 | 63,074 | 62,876 | 62,379 | 61,570 | 332,610 |
| GP AMF 2 | Annual Amt: 20,000 Inflation: 3.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Residual Receipts Loans | Total % 50.00% | | | | | | | | | | | | | | | | | | | |
| HCD - MHP | 56.55% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| San Diego Housing Commission | 21.72% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| County of SD - IHTF | 21.72% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| General Partner | 90.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Limited Partner | 10.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Ulric I

15-Year Cash Flow

Assumptions

Rent Increase: Residential Tenant Rent
 Rent Increase: Commercial Rents
 Expenses Increase:
 Reserve Increase:

| | 18 2039 | 19 2040 | 20 2041 | 21 2042 | 22 2043 | 23 2044 | 24 2045 | 25 2046 | 26 2047 | 27 2048 | 28 2049 | 29 2050 | 30 2051 | 31 2052 | 32 2053 | 33 2054 | 34 2055 | 35 2056 | 36 2057 | 37 2058 | 38 2059 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| GROSS POTENTIAL INCOME - RESIDENTIAL | 1,437,051 | 1,465,792 | 1,495,108 | 1,525,010 | 1,555,510 | 1,586,620 | 1,618,353 | 1,650,720 | 1,683,734 | 1,717,409 | 1,751,757 | 1,786,792 | 1,822,528 | 1,858,979 | 1,896,158 | 1,934,081 | 1,972,763 | 2,012,218 | 2,052,463 | 2,093,512 | 2,135,382 |
| Incremental Income: VASH | 162,484 | 165,734 | 169,048 | 172,429 | 175,878 | 179,395 | 182,983 | 186,643 | 190,376 | 194,183 | 198,067 | 202,028 | 206,069 | 210,190 | 214,394 | 218,682 | 223,056 | 227,517 | 232,067 | 236,709 | 241,443 |
| Misc. Income | 12,905 | 13,163 | 13,426 | 13,694 | 13,968 | 14,248 | 14,533 | 14,823 | 15,120 | 15,422 | 15,731 | 16,045 | 16,366 | 16,694 | 17,027 | 17,368 | 17,715 | 18,070 | 18,431 | 18,800 | 19,176 |
| Vacancy Loss - Residential | (72,498) | (73,948) | (75,427) | (76,935) | (78,474) | (80,043) | (81,644) | (83,277) | (84,943) | (86,642) | (88,374) | (90,142) | (91,945) | (93,784) | (95,659) | (97,572) | (99,524) | (101,514) | (103,545) | (105,616) | (107,728) |
| Vacancy Loss - VASH | (11,374) | (11,601) | (11,833) | (12,070) | (12,311) | (12,558) | (12,809) | (13,065) | (13,326) | (13,593) | (13,865) | (14,142) | (14,425) | (14,713) | (15,008) | (15,308) | (15,614) | (15,926) | (16,245) | (16,570) | (16,901) |
| GROSS EFFECTIVE INCOME | 1,528,568 | 1,559,139 | 1,590,322 | 1,622,129 | 1,654,571 | 1,687,663 | 1,721,416 | 1,755,844 | 1,790,961 | 1,826,780 | 1,863,316 | 1,900,582 | 1,938,594 | 1,977,366 | 2,016,913 | 2,057,251 | 2,098,396 | 2,140,364 | 2,183,171 | 2,226,835 | 2,271,372 |
| Operating Expenses w/ Standard Inflator | 947,536 | 975,962 | 1,005,241 | 1,035,398 | 1,066,460 | 1,098,454 | 1,131,408 | 1,165,350 | 1,200,311 | 1,236,320 | 1,273,409 | 1,311,612 | 1,350,960 | 1,391,489 | 1,433,234 | 1,476,231 | 1,520,517 | 1,566,133 | 1,613,117 | 1,661,511 | 1,711,356 |
| Operating Expenses w/ Alternate Inflators: Replacement Reserve | 103,373 | 106,991 | 110,736 | 114,612 | 118,623 | 122,775 | 127,072 | 131,520 | 136,123 | 140,887 | 145,818 | 150,922 | 156,204 | 161,671 | 167,330 | 173,186 | 179,248 | 185,522 | 192,015 | 198,735 | 205,691 |
| TOTAL EXPENSES | <u>1,050,910</u> | <u>1,082,954</u> | <u>1,115,977</u> | <u>1,150,010</u> | <u>1,185,084</u> | <u>1,221,229</u> | <u>1,258,480</u> | <u>1,296,870</u> | <u>1,336,433</u> | <u>1,377,207</u> | <u>1,419,228</u> | <u>1,462,534</u> | <u>1,507,164</u> | <u>1,553,160</u> | <u>1,600,563</u> | <u>1,649,417</u> | <u>1,699,765</u> | <u>1,751,655</u> | <u>1,805,132</u> | <u>1,860,246</u> | <u>1,917,047</u> |
| Total Expenses - Residential | 1,050,910 | 1,082,954 | 1,115,977 | 1,150,010 | 1,185,084 | 1,221,229 | 1,258,480 | 1,296,870 | 1,336,433 | 1,377,207 | 1,419,228 | 1,462,534 | 1,507,164 | 1,553,160 | 1,600,563 | 1,649,417 | 1,699,765 | 1,751,655 | 1,805,132 | 1,860,246 | 1,917,047 |
| NET OPERATING INCOME | 477,658 | 476,186 | 474,345 | 472,118 | 469,487 | 466,433 | 462,936 | 458,974 | 454,528 | 449,573 | 444,088 | 438,048 | 431,429 | 424,205 | 416,350 | 407,834 | 398,631 | 388,710 | 378,040 | 366,589 | 354,325 |
| REPLACEMENT RESERVE | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 |
| Mandatory Annual HCD Payment | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 |
| NET REMAINING INCOME | 343,524 | 342,051 | 340,210 | 337,983 | 335,353 | 332,298 | 328,801 | 324,840 | 320,393 | 315,438 | 309,953 | 303,914 | 297,295 | 290,071 | 282,215 | 273,699 | 264,496 | 254,575 | 243,905 | 232,454 | 220,190 |
| PERM LOAN - TRANCHE A | | | | | | | | | | | | | | | | | | | | | |
| Principal Balance (Ending) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Annual Issuer Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Series A Bond P&I | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Payment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Principal Payment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SERIES A DEBT SERVICE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET CASH FLOW | 343,524 | 342,051 | 340,210 | 337,983 | 335,353 | 332,298 | 328,801 | 324,840 | 320,393 | 315,438 | 309,953 | 303,914 | 297,295 | 290,071 | 282,215 | 273,699 | 264,496 | 254,575 | 243,905 | 232,454 | 220,190 |
| CASH FLOW (RESERVED)/RELEASED FOR | | | | | | | | | | | | | | | | | | | | | |
| Remaining Net Cash Flow | 343,524 | 342,051 | 340,210 | 337,983 | 335,353 | 332,298 | 328,801 | 324,840 | 320,393 | 315,438 | 309,953 | 303,914 | 297,295 | 290,071 | 282,215 | 273,699 | 264,496 | 254,575 | 243,905 | 232,454 | 220,190 |
| Debt Service Coverage Ratio (All Debt) | NA |
| DISTRIBUTION OF CASH FLOW | | | | | | | | | | | | | | | | | | | | | |
| LP AMF 1 | 12,396 | 12,768 | 13,151 | 13,546 | 13,952 | 14,371 | 14,802 | 15,246 | 15,703 | 16,174 | 16,660 | 17,159 | 17,674 | 18,204 | 18,751 | 19,313 | 19,893 | 20,489 | 21,104 | 21,737 | 22,389 |
| DDF | 14,246 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GP AMF 2 | 316,881 | 167,123 | 35,070 | 36,122 | 37,206 | 38,322 | 39,472 | 40,656 | 41,876 | 43,132 | 44,426 | 45,759 | 47,131 | 48,545 | 50,002 | 51,502 | 53,047 | 54,638 | 56,277 | 57,966 | 59,705 |
| <i>Residual Receipts Loans</i> | | | | | | | | | | | | | | | | | | | | | |
| HCD - MHP | 0 | 45,852 | 82,563 | 81,524 | 80,359 | 79,062 | 77,626 | 76,045 | 74,313 | 72,424 | 70,370 | 68,144 | 65,739 | 63,146 | 60,359 | 57,368 | 54,165 | 50,741 | 47,086 | 43,192 | 39,048 |
| San Diego Housing Commission | 0 | 17,614 | 31,716 | 31,317 | 30,869 | 30,371 | 29,819 | 29,212 | 28,547 | 27,821 | 27,032 | 26,177 | 25,253 | 24,257 | 23,186 | 22,037 | 20,807 | 19,491 | 18,088 | 16,592 | 15,000 |
| County of SD - IHTF | 0 | 17,614 | 31,716 | 31,317 | 30,869 | 30,371 | 29,819 | 29,212 | 28,547 | 27,821 | 27,032 | 26,177 | 25,253 | 24,257 | 23,186 | 22,037 | 20,807 | 19,491 | 18,088 | 16,592 | 15,000 |
| General Partner | 0 | 72,972 | 131,395 | 129,742 | 127,888 | 125,823 | 123,537 | 121,022 | 118,266 | 115,259 | 111,991 | 108,448 | 104,620 | 100,494 | 96,058 | 91,298 | 86,201 | 80,751 | 74,936 | 68,738 | 62,143 |
| Limited Partner | 0 | 8,108 | 14,599 | 14,416 | 14,210 | 13,980 | 13,726 | 13,447 | 13,141 | 12,807 | 12,443 | 12,050 | 11,624 | 11,166 | 10,673 | 10,144 | 9,578 | 8,972 | 8,326 | 7,638 | 6,905 |

Ulric I

15-Year Cash Flow

Assumptions

Rent Increase: Residential Tenant Rent
 Rent Increase: Commercial Rents
 Expenses Increase:
 Reserve Increase:

| | 39 2060 | 40 2061 | 41 2062 | 42 2063 | 43 2064 | 44 2065 | 45 2066 | 46 2067 | 47 2068 | 48 2069 | 49 2070 | 50 2071 | 51 2072 | 52 2073 | 53 2074 | 54 2075 | 55 2076 | 56 2077 | 57 2078 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| GROSS POTENTIAL INCOME - RESIDENTIAL | 2,178,090 | 2,221,652 | 2,266,085 | 2,311,406 | 2,357,634 | 2,404,787 | 2,452,883 | 2,501,941 | 2,551,979 | 2,603,019 | 2,655,079 | 2,708,181 | 2,762,344 | 2,817,591 | 2,873,943 | 2,931,422 | 2,990,051 | 3,049,852 | 3,110,849 |
| Incremental Income: VASH | 246,272 | 251,197 | 256,221 | 261,345 | 266,572 | 271,904 | 277,342 | 282,889 | 288,546 | 294,317 | 300,204 | 306,208 | 312,332 | 318,579 | 324,950 | 331,449 | 338,078 | 344,840 | 351,736 |
| Misc. Income | 19,559 | 19,950 | 20,349 | 20,756 | 21,171 | 21,595 | 22,027 | 22,467 | 22,917 | 23,375 | 23,842 | 24,319 | 24,806 | 25,302 | 25,808 | 26,324 | 26,850 | 27,387 | 27,935 |
| Vacancy Loss - Residential | (109,882) | (112,080) | (114,322) | (116,608) | (118,940) | (121,319) | (123,745) | (126,220) | (128,745) | (131,320) | (133,946) | (136,625) | (139,358) | (142,145) | (144,988) | (147,887) | (150,845) | (153,862) | (156,939) |
| Vacancy Loss - VASH | (17,239) | (17,584) | (17,935) | (18,294) | (18,660) | (19,033) | (19,414) | (19,802) | (20,198) | (20,602) | (21,014) | (21,435) | (21,863) | (22,300) | (22,747) | (23,201) | (23,665) | (24,139) | (24,622) |
| GROSS EFFECTIVE INCOME | 2,316,799 | 2,363,135 | 2,410,398 | 2,458,606 | 2,507,778 | 2,557,933 | 2,609,092 | 2,661,274 | 2,714,499 | 2,768,789 | 2,824,165 | 2,880,648 | 2,938,261 | 2,997,027 | 3,056,967 | 3,118,106 | 3,180,469 | 3,244,078 | 3,308,959 |
| Operating Expenses w/ Standard Inflator | 1,762,696 | 1,815,577 | 1,870,045 | 1,926,146 | 1,983,930 | 2,043,448 | 2,104,752 | 2,167,894 | 2,232,931 | 2,299,919 | 2,368,917 | 2,439,984 | 2,513,184 | 2,588,579 | 2,666,237 | 2,746,224 | 2,828,610 | 2,913,469 | 3,000,873 |
| Operating Expenses w/ Alternate Inflators: Replacement Reserve | 212,890 | 220,341 | 228,053 | 236,035 | 244,296 | 252,847 | 261,696 | 270,856 | 280,336 | 290,148 | 300,303 | 310,813 | 321,692 | 332,951 | 344,604 | 356,665 | 369,149 | 382,069 | 395,441 |
| TOTAL EXPENSES | <u>1,975,587</u> | <u>2,035,919</u> | <u>2,098,098</u> | <u>2,162,181</u> | <u>2,228,227</u> | <u>2,296,295</u> | <u>2,366,448</u> | <u>2,438,750</u> | <u>2,513,267</u> | <u>2,590,067</u> | <u>2,669,219</u> | <u>2,750,798</u> | <u>2,834,876</u> | <u>2,921,530</u> | <u>3,010,841</u> | <u>3,102,889</u> | <u>3,197,759</u> | <u>3,295,538</u> | <u>3,396,314</u> |
| Total Expenses - Residential | 1,975,587 | 2,035,919 | 2,098,098 | 2,162,181 | 2,228,227 | 2,296,295 | 2,366,448 | 2,438,750 | 2,513,267 | 2,590,067 | 2,669,219 | 2,750,798 | 2,834,876 | 2,921,530 | 3,010,841 | 3,102,889 | 3,197,759 | 3,295,538 | 3,396,314 |
| NET OPERATING INCOME | 341,212 | 327,216 | 312,300 | 296,424 | 279,551 | 261,638 | 242,644 | 222,524 | 201,232 | 178,723 | 154,946 | 129,851 | 103,386 | 75,496 | 46,126 | 15,217 | (17,291) | (51,460) | (87,355) |
| REPLACEMENT RESERVE | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 |
| Mandatory Annual HCD Payment | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 | 76,535 |
| NET REMAINING INCOME | 207,077 | 193,081 | 178,165 | 162,290 | 145,416 | 127,503 | 108,509 | 88,389 | 67,097 | 44,588 | 20,811 | (4,284) | (30,749) | (58,639) | (88,009) | (118,918) | (151,425) | (185,595) | (221,489) |
| PERM LOAN - TRANCHE A | | | | | | | | | | | | | | | | | | | |
| Principal Balance (Ending) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Annual Issuer Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Series A Bond P&I | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Payment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Principal Payment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SERIES A DEBT SERVICE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET CASH FLOW | 207,077 | 193,081 | 178,165 | 162,290 | 145,416 | 127,503 | 108,509 | 88,389 | 67,097 | 44,588 | 20,811 | (4,284) | (30,749) | (58,639) | (88,009) | (118,918) | (151,425) | (185,595) | (221,489) |
| CASH FLOW (RESERVED)/RELEASED FOR | | | | | | | | | | | | | | | | | | | |
| Remaining Net Cash Flow | 207,077 | 193,081 | 178,165 | 162,290 | 145,416 | 127,503 | 108,509 | 88,389 | 67,097 | 44,588 | 20,811 | (4,284) | (30,749) | (58,639) | (88,009) | (118,918) | (151,425) | (185,595) | (221,489) |
| Debt Service Coverage Ratio (All Debt) | NA |
| DISTRIBUTION OF CASH FLOW | | | | | | | | | | | | | | | | | | | |
| LP AMF 1 | 23,061 | 23,753 | 24,465 | 25,199 | 25,955 | 26,734 | 27,536 | 28,362 | 29,213 | 30,089 | 20,811 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DDF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GP AMF 2 | 61,496 | 63,341 | 65,241 | 67,198 | 69,214 | 71,290 | 73,429 | 60,027 | 37,885 | 14,499 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>DDF Note</i> | | | | | | | | | | | | | | | | | | | |
| <u>Residual Receipts Loans</u> | | | | | | | | | | | | | | | | | | | |
| HCD - MHP | 34,644 | 29,969 | 25,013 | 19,763 | 14,208 | 8,336 | 2,133 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| San Diego Housing Commission | 13,308 | 11,512 | 9,608 | 7,592 | 5,458 | 3,202 | 819 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| County of SD - IHFP | 13,308 | 11,512 | 9,608 | 7,592 | 5,458 | 3,202 | 819 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| General Partner | 55,134 | 47,695 | 39,806 | 31,452 | 22,611 | 13,266 | 3,395 | 0 | 0 | 0 | 0 | (3,856) | (27,674) | (52,775) | (79,208) | (107,026) | (136,283) | (167,035) | (199,341) |
| Limited Partner | 6,126 | 5,299 | 4,423 | 3,495 | 2,512 | 1,474 | 377 | 0 | 0 | 0 | 0 | (428) | (3,075) | (5,864) | (8,801) | (11,892) | (15,143) | (18,559) | (22,149) |

Schedule of Outstanding Debt and Reserves - Book Basis

Version: v5.4 Closing

| | Credit Period Year: | (1) | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|--|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
| Tax Exempt Perm Loan - A Tranche AMORTIZING PERIOD ONLY | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | 3,052,000 | 0 | 0 | 0 | 3,052,000 | 2,894,731 | 2,731,836 | 2,563,113 | 2,388,355 | 2,207,344 | 2,019,859 | 1,825,666 | 1,624,527 | 1,416,192 | 1,200,404 | 976,897 | 745,394 | 505,610 | 257,247 | 0 |
| Interest Paid (Interest Rate Only) | 3.520% | 0 | 0 | 0 | 104,909 | 99,283 | 93,456 | 87,420 | 81,168 | 74,693 | 67,986 | 61,039 | 53,844 | 46,391 | 38,671 | 30,676 | 22,394 | 13,816 | 4,931 | 0 |
| Annual P&I | COMPOUND | 0 | 0 | 0 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 262,178 | 0 |
| Ending Balance | | 0 | 0 | 3,052,000 | 2,894,731 | 2,731,836 | 2,563,113 | 2,388,355 | 2,207,344 | 2,019,859 | 1,825,666 | 1,624,527 | 1,416,192 | 1,200,404 | 976,897 | 745,394 | 505,610 | 257,247 | 0 | 0 |
| HCD - MHP | | | | | | | | | | | | | | | | | | | | |
| PERM SOURCE ONLY? Y | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | 18,222,571 | 0 | 0 | 0 | 18,268,127 | 18,738,270 | 19,208,412 | 19,678,554 | 20,148,697 | 20,618,839 | 21,088,981 | 21,559,124 | 22,029,266 | 22,499,408 | 22,969,551 | 23,439,693 | 23,909,835 | 24,379,978 | 24,850,120 | 25,320,262 |
| Interest Accrued @ | 3.000% | 0 | 0 | 45,556 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 | 546,677 |
| Residual Receipts Payment | SIMPLE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mandatory Minimum Payment | 0.42% | 0 | 0 | 0 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 | -76,535 |
| Ending Balance | CONSTRUCT AOB: 55% | 0 | 0 | 18,268,127 | 18,738,270 | 19,208,412 | 19,678,554 | 20,148,697 | 20,618,839 | 21,088,981 | 21,559,124 | 22,029,266 | 22,499,408 | 22,969,551 | 23,439,693 | 23,909,835 | 24,379,978 | 24,850,120 | 25,320,262 | 25,790,405 |
| San Diego Housing Commission | | | | | | | | | | | | | | | | | | | | |
| PERM SOURCE ONLY? N | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | 7,000,000 | 0 | 6,347,250 | 6,536,250 | 7,427,000 | 7,637,000 | 7,847,000 | 8,057,000 | 8,267,000 | 8,477,000 | 8,687,000 | 8,897,000 | 9,107,000 | 9,317,000 | 9,527,000 | 9,737,000 | 9,947,000 | 10,157,000 | 10,367,000 | 10,577,000 |
| Interest Accrued @ | 3.000% | 47,250 | 189,000 | 190,750 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 |
| Residual Receipts Payment | SIMPLE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mandatory Minimum Payment | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | CONSTRUCT AOB: 100% | 6,347,250 | 6,536,250 | 7,427,000 | 7,637,000 | 7,847,000 | 8,057,000 | 8,267,000 | 8,477,000 | 8,687,000 | 8,897,000 | 9,107,000 | 9,317,000 | 9,527,000 | 9,737,000 | 9,947,000 | 10,157,000 | 10,367,000 | 10,577,000 | 10,787,000 |
| County of SD - IHFT | | | | | | | | | | | | | | | | | | | | |
| PERM SOURCE ONLY? N | | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | 7,000,000 | 0 | 6,347,250 | 6,536,250 | 7,427,000 | 7,637,000 | 7,847,000 | 8,057,000 | 8,267,000 | 8,477,000 | 8,687,000 | 8,897,000 | 9,107,000 | 9,317,000 | 9,527,000 | 9,737,000 | 9,947,000 | 10,157,000 | 10,367,000 | 10,577,000 |
| Interest Accrued @ | 3.000% | 47,250 | 189,000 | 190,750 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 |
| Residual Receipts Payment | SIMPLE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mandatory Minimum Payment | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | CONSTRUCT AOB: 55% | 6,347,250 | 6,536,250 | 7,427,000 | 7,637,000 | 7,847,000 | 8,057,000 | 8,267,000 | 8,477,000 | 8,687,000 | 8,897,000 | 9,107,000 | 9,317,000 | 9,527,000 | 9,737,000 | 9,947,000 | 10,157,000 | 10,367,000 | 10,577,000 | 10,787,000 |
| TOTAL OUTSTANDING DEBT (BOOK BASIS) | | 12,694,500 | 13,072,500 | 36,174,127 | 36,907,001 | 37,634,248 | 38,355,667 | 39,071,051 | 39,780,183 | 40,482,840 | 41,178,790 | 41,867,793 | 42,549,601 | 43,223,955 | 43,890,590 | 44,549,230 | 45,199,587 | 45,841,367 | 46,474,262 | 47,364,405 |
| DDF Accruals | | 0 | 0 | 1,231,844 | 1,182,493 | 1,130,904 | 1,077,245 | 1,021,690 | 964,426 | 905,649 | 845,568 | 784,400 | 722,378 | 659,744 | 596,756 | 533,682 | 470,806 | 408,427 | 346,857 | 14,246 |
| GP AMF 2 Accruals | | 0 | 0 | 1,667 | 22,267 | 43,485 | 65,339 | 87,849 | 111,035 | 134,916 | 159,513 | 184,849 | 210,944 | 237,823 | 265,507 | 294,022 | 323,393 | 353,645 | 384,804 | 416,898 |
| TOTAL OUTSTANDING DEBT+ACCRUALS (BOOK BASIS) | | 12,694,500 | 13,072,500 | 37,407,638 | 38,111,760 | 38,808,637 | 39,498,251 | 40,180,591 | 40,855,644 | 41,523,406 | 42,183,871 | 42,837,042 | 43,482,923 | 44,121,522 | 44,752,853 | 45,376,934 | 45,993,787 | 46,603,439 | 47,205,923 | 47,795,550 |

RESERVE BALANCES

| Capitalized Replacement Reserve | | | | | | | | | | | | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|-----------|
| Deed-Secured? Y | | | | | | | | | | | | | | | | | | | | |
| Previous Balance | 48,000 | 48,960 | 49,939 | 89,338 | 148,725 | 209,299 | 271,085 | 334,107 | 398,389 | 463,957 | 530,836 | 599,053 | 668,634 | 739,606 | 811,999 | 885,839 | 961,155 | 1,037,978 | 1,116,338 | 1,116,338 |
| Deposit to Reserve | 0 | 0 | 38,400 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 | 57,600 |
| Interest on Reserve | 2.0% | 960 | 979 | 999 | 1,787 | 2,974 | 4,186 | 5,422 | 6,682 | 7,968 | 9,279 | 10,617 | 11,981 | 13,373 | 14,792 | 16,240 | 17,717 | 19,223 | 20,760 | 22,327 |
| Withdrawal from Reserve | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | | 48,960 | 49,939 | 89,338 | 148,725 | 209,299 | 271,085 | 334,107 | 398,389 | 463,957 | 530,836 | 599,053 | 668,634 | 739,606 | 811,999 | 885,839 | 961,155 | 1,037,978 | 1,116,338 | 1,196,265 |
| Capitalized Operating Reserve (4 mos.) | | | | | | | | | | | | | | | | | | | | |
| Deed-Secured? N | | | | | | | | | | | | | | | | | | | | |
| Previous Balance | 342,396 | 349,244 | 356,229 | 363,353 | 370,621 | 378,033 | 385,594 | 393,305 | 401,172 | 409,195 | 417,379 | 425,726 | 434,241 | 442,926 | 451,784 | 460,820 | 470,036 | 479,437 | 489,026 | 489,026 |
| Deposit to Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest on Reserve | 2.0% | 6,848 | 6,985 | 7,125 | 7,267 | 7,412 | 7,561 | 7,712 | 7,866 | 8,023 | 8,184 | 8,348 | 8,515 | 8,685 | 8,859 | 9,036 | 9,216 | 9,401 | 9,589 | 9,781 |
| Withdrawal from Reserve | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | 342,396 | 349,244 | 356,229 | 363,353 | 370,621 | 378,033 | 385,594 | 393,305 | 401,172 | 409,195 | 417,379 | 425,726 | 434,241 | 442,926 | 451,784 | 460,820 | 470,036 | 479,437 | 489,026 | 489,026 |

Schedule of Deductions

Version: v5.4 Closing

| Depreciation Assumptions | | | | | | | | | | | | | | | | | | | | | |
|--|-------------------------------|--------------------------|---------------|----------------------|------------------|-------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Proration | Building: Residential | | Building: Commercial | | Site Improvements | | Personal Property | | | | | | | | | | | | | |
| | | Asset Life | Method | Asset Life | Method | Asset Life | Method | Asset Life | Method | | | | | | | | | | | | |
| ADS | 100.0% | 30.0 | straight line | 30.0 | straight line | 100.0% | 20 Yr SL | 100.0% | 9 Yr SL | | | | | | | | | | | | |
| MACRS | 0.0% | 27.5 | straight line | 27.5 | straight line | 0.0% | 15 Yr 150% DB | 0.0% | 5 Yr DDB | | | | | | | | | | | | |
| DEPRECIATION SCHEDULE | | | | | | | | | | | | | | | | | | | | | |
| | Beginning Basis | Credit Period Year: 2019 | (1) 2020 | 0 2021 | 1 2022 | 2 2023 | 3 2024 | 4 2025 | 5 2026 | 6 2027 | 7 2028 | 8 2029 | 9 2030 | 10 2031 | 11 2032 | 12 2033 | 13 2034 | 14 2035 | 15 2036 | 16 2037 | 17 2038 |
| 30 years straight line - Res - Rehab | 37,580,098 | | 0 | 0 | 774,763 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 | 1,252,670 |
| Site Improvements (20 yr SL.) | 1,792,853 | | 0 | 0 | 44,354 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 | 89,643 |
| Personal Property (9 yr SL) | 1,040,000 | | 0 | 0 | 57,176 | 115,556 | 115,556 | 115,556 | 115,556 | 115,556 | 115,556 | 115,556 | 115,556 | 58,380 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBTOTAL | 40,412,951 | 0 | 0 | 0 | 876,294 | 1,457,868 | 1,457,868 | 1,457,868 | 1,457,868 | 1,457,868 | 1,457,868 | 1,457,868 | 1,457,868 | 1,400,692 | 1,342,313 |
| AMORTIZATION SCHEDULE | | | | | | | | | | | | | | | | | | | | | |
| TCAC Application/Res/Monitoring Fee | 56,493 | | 0 | 0 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 3,766 | 0 | 0 |
| Costs of Issuance | 655,582 | | 0 | 0 | 194,122 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 | 14,210 |
| Title/Recording/Escrow - Permanent | 10,000 | | 0 | 0 | 56 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 | 667 |
| Market/Rent Comp Study | 8,500 | | 0 | 0 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 0 | 0 |
| Legal: Organization of Partnership | 9,826 | | 0 | 0 | 0 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 702 | 0 | 0 |
| SUBTOTAL | 740,401 | 0 | 0 | 0 | 198,794 | 20,195 | 20,195 | 20,195 | 20,195 | 20,195 | 20,195 | 20,195 | 20,195 | 20,195 | 19,345 | 19,345 | 19,345 | 19,345 | 19,345 | 19,345 | 14,877 |
| EXPENSED COSTS | | | | | | | | | | | | | | | | | | | | | |
| Audit/Cost Certification | 24,943 | | 0 | 0 | 24,943 | 0 | 0 | | | | | | | | | | | | | | |
| Start-up /Lease-up Expenses | 150,000 | | 0 | 0 | 150,000 | 0 | 0 | | | | | | | | | | | | | | |
| LP AMF 1 | | | 0 | 0 | 625 | 7,725 | 7,957 | 8,195 | 8,441 | 8,695 | 8,955 | 9,224 | 9,501 | 9,786 | 10,079 | 10,382 | 10,693 | 11,014 | 11,344 | 11,685 | 12,035 |
| Annual Issuer Fee | | | 0 | 0 | 0 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 0 |
| SUBTOTAL | 174,943 | 0 | 0 | 0 | 175,568 | 17,725 | 17,957 | 18,195 | 18,441 | 18,695 | 18,955 | 19,224 | 19,501 | 19,786 | 20,079 | 20,382 | 20,693 | 21,014 | 21,344 | 21,685 | 12,035 |
| <i>NOTE: PMF/CMF not expensed</i> | | | | | | | | | | | | | | | | | | | | | |
| INTEREST DEDUCTIONS | | | | | | | | | | | | | | | | | | | | | |
| Interest - Tranche A | Tax Exempt Perm Loan - A Tran | | 0 | 0 | 0 | 104,909 | 99,283 | 93,456 | 87,420 | 81,168 | 74,693 | 67,986 | 61,039 | 53,844 | 46,391 | 38,671 | 30,676 | 22,394 | 13,816 | 4,931 | 0 |
| Interest - Predevelopment Loans | | | 0 | 0 | 210,150 | 0 | 0 | | | | | | | | | | | | | | |
| Interest - HCD - MHP | HCD - MHP | | 0 | 0 | 0 | 0 | 0 | 343,928 | 349,018 | 354,204 | 359,489 | 364,875 | 370,363 | 375,956 | 381,655 | 387,462 | 393,380 | 399,411 | 405,557 | 411,819 | 418,201 |
| Interest - San Diego Housing Commission | San Diego Housing Commission | | 0 | 0 | 78,685 | 0 | 0 | 129,778 | 132,098 | 134,460 | 136,863 | 139,310 | 141,801 | 144,336 | 146,916 | 149,542 | 152,216 | 154,937 | 157,707 | 160,526 | 163,396 |
| Interest - County of SD - IHTF | County of SD - IHTF | | 0 | 0 | 78,685 | 0 | 0 | 129,778 | 132,098 | 134,460 | 136,863 | 139,310 | 141,801 | 144,336 | 146,916 | 149,542 | 152,216 | 154,937 | 157,707 | 160,526 | 163,396 |
| Interest- Expensed Constr. Period Interest | | | 0 | 0 | 523,157 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBTOTAL | | 0 | 0 | 0 | 890,677 | 104,909 | 99,283 | 696,940 | 700,634 | 704,292 | 707,909 | 711,481 | 715,003 | 718,470 | 721,877 | 725,218 | 728,487 | 731,679 | 734,786 | 737,802 | 744,992 |
| TOTAL DEDUCTIONS | | 0 | 0 | 0 | 2,141,332 | 1,600,698 | 1,595,303 | 2,193,199 | 2,197,139 | 2,201,050 | 2,204,928 | 2,208,768 | 2,212,567 | 2,159,143 | 2,103,614 | 2,107,258 | 2,110,838 | 2,114,351 | 2,117,788 | 2,116,677 | 2,114,217 |

Analysis of Taxable Income

Version: v5.4 Closing

| | | | | | | | | | | | | | | | | | | | | |
|--------------------------------------|--|-------|-------------------------------------|--------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Assumptions | | 21.0% | Loss Reallocation (year 12): | | | | | | | | | | | | | | | | | |
| Marginal Tax Rate - Federal | | 0.0% | GP Share: | 90.00% | | | | | | | | | | | | | | | | |
| Marginal Tax Rate - State | | 21.0% | LP Share: | 10.00% | | | | | | | | | | | | | | | | |
| Effective Combined Marginal Tax Rate | | 4 | | | | | | | | | | | | | | | | | | |
| Number of LP Capital Contributions | | | | | | | | | | | | | | | | | | | | |

| | | Credit Period Year: | | | | | | | | | | | | | | | | | | |
|--|--------|----------------------------|--------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | (1) | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
| LOSSES | | | | | | | | | | | | | | | | | | | | |
| Net Operating Income | | 0 | 0 | 307,181 | 463,390 | 465,858 | 468,168 | 470,309 | 472,272 | 474,045 | 475,619 | 476,981 | 478,121 | 479,026 | 479,684 | 480,080 | 480,203 | 480,037 | 479,568 | 478,780 |
| Total Deductions | | 0 | 0 | 2,141,332 | 1,600,698 | 1,595,303 | 2,193,199 | 2,197,139 | 2,201,050 | 2,208,928 | 2,208,768 | 2,212,567 | 2,159,143 | 2,103,614 | 2,107,258 | 2,110,838 | 2,114,351 | 2,117,788 | 2,116,677 | 2,114,217 |
| Total Taxable Income (Loss) | | 0 | 0 | (1,834,151) | (1,137,308) | (1,129,445) | (1,725,031) | (1,726,829) | (1,728,778) | (1,730,882) | (1,733,149) | (1,735,586) | (1,681,022) | (1,624,588) | (1,627,574) | (1,630,758) | (1,634,148) | (1,637,751) | (1,637,109) | (1,635,437) |
| Special Allocation of GP-Related Op Ex (see below) | | 0 | 0 | (280,136) | (432,811) | (445,795) | (459,169) | (472,944) | (487,132) | (501,746) | (516,799) | (532,303) | (548,272) | (564,720) | (581,662) | (599,111) | (617,085) | (635,597) | (654,665) | (674,305) |
| General Partner Share of Losses (pre-704(b)) | 0.01% | 0 | 0 | (280,292) | (432,881) | (445,863) | (459,296) | (473,089) | (487,257) | (501,869) | (516,920) | (532,423) | (548,385) | (564,826) | (582,983) | (599,593) | (617,441) | (635,936) | (654,865) | (674,324) |
| Limited Partner Share of Losses (pre-704(b)) | 99.99% | 0 | 0 | (1,553,859) | (704,427) | (683,581) | (1,265,735) | (1,253,760) | (1,241,521) | (1,229,013) | (1,216,229) | (1,203,163) | (1,132,637) | (1,059,762) | (104,591) | (103,165) | (101,706) | (100,215) | (98,244) | (96,113) |
| AFTER-TAX VALUE OF LOSSES | | | | | | | | | | | | | | | | | | | | |
| Allowable Losses (adj. for min. gain) | | 0 | 0 | (1,554,015) | (704,497) | (683,650) | (1,265,862) | (1,253,885) | (1,241,645) | (1,229,136) | (1,216,351) | (1,203,283) | (1,132,750) | (1,059,868) | (104,602) | (103,175) | (101,716) | (100,225) | 0 | 0 |
| After Tax Value of Losses | 21.0% | 0 | 0 | 326,343 | 147,944 | 143,566 | 265,831 | 263,316 | 260,746 | 258,119 | 255,434 | 252,689 | 237,878 | 222,572 | 21,966 | 21,667 | 21,360 | 21,047 | 0 | 0 |
| General Partner Share | 0.01% | 0 | 0 | 58,861 | 90,905 | 93,631 | 96,452 | 99,345 | 102,324 | 105,393 | 108,553 | 111,809 | 115,161 | 118,613 | 319,826 | 320,795 | 321,813 | 322,883 | 323,162 | 323,258 |
| Limited Partner Share | 99.99% | 0 | 0 | 326,310 | 147,930 | 143,552 | 265,804 | 263,290 | 260,719 | 258,093 | 255,408 | 252,664 | 237,854 | 222,550 | 2,197 | 2,167 | 2,136 | 2,105 | 0 | 0 |
| | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |
| TAX CREDITS | | | | | | | | | | | | | | | | | | | | |
| Fed Tax Credits-Rehab- Building A or Credit Year 1 | 100.0% | 0 | 0 | 942,511 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 670,796 | 0 | 0 | 0 | 0 | 0 |
| TOTAL TAX CREDITS | | | | | | | | | | | | | | | | | | | | |
| General Partner Share | 0.01% | 0 | 0 | 942,511 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 1,613,307 | 670,796 | 0 | 0 | 0 | 0 | 0 | 0 |
| Limited Partner Share | 99.99% | 0 | 0 | 94,161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 161 | 67 | 0 | 0 | 0 | 0 | 0 | 0 |
| (less) LP Capital Account Adjustment | | 0 | 0 | 942,417 | 1,613,146 | 1,613,146 | 1,613,146 | 1,613,146 | 1,613,146 | 1,613,146 | 1,613,146 | 1,613,146 | 1,613,146 | 670,729 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL AFTER-TAX BENEFITS | | | | | | | | | | | | | | | | | | | | |
| General Partner Share | 0.01% | 0 | 0 | 127 | 176 | 176 | 188 | 188 | 187 | 187 | 187 | 187 | 185 | 89 | 19,770 | 19,500 | 19,224 | 18,943 | 0 | 0 |
| Limited Partner Share | 99.99% | 0 | 0 | 1,268,727 | 1,761,075 | 1,756,698 | 1,878,950 | 1,876,435 | 1,873,865 | 1,871,238 | 1,868,554 | 1,865,810 | 1,850,999 | 893,279 | 2,197 | 2,167 | 2,136 | 2,105 | 0 | 0 |

| OPERATING EXPENSE REALLOCATIONS-GP-RELATED (Beginning at start of operations) | | | | | | | | | | | | | | | | | | | | |
|--|-----------------|----------|----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Base Year: 2020 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
| Administrative | 53,342 | 0 | 0 | 37,727 | 58,288 | 60,037 | 61,838 | 63,693 | 65,604 | 67,572 | 69,599 | 71,687 | 73,838 | 76,053 | 78,335 | 80,685 | 83,105 | 85,598 | 88,166 | 90,811 |
| Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Utilities | 150,546 | 0 | 0 | 106,476 | 164,506 | 169,441 | 174,524 | 179,760 | 185,153 | 190,707 | 196,428 | 202,321 | 208,391 | 214,643 | 221,082 | 227,714 | 234,546 | 241,582 | 248,830 | 256,294 |
| Payroll/Payroll Taxes | 145,791 | 0 | 0 | 103,113 | 159,310 | 164,089 | 169,012 | 174,082 | 179,305 | 184,684 | 190,224 | 195,931 | 201,809 | 207,863 | 214,099 | 220,522 | 227,138 | 233,952 | 240,970 | 248,199 |
| Taxes & Insurance | 55,500 | 0 | 0 | 39,253 | 60,646 | 62,466 | 64,340 | 66,270 | 68,258 | 70,306 | 72,415 | 74,587 | 76,825 | 79,130 | 81,504 | 83,949 | 86,467 | 89,061 | 91,733 | 94,485 |
| Maintenance | 89,925 | 0 | 0 | 63,601 | 98,263 | 101,211 | 104,248 | 107,375 | 110,596 | 113,914 | 117,332 | 120,852 | 124,477 | 128,212 | 132,058 | 136,020 | 140,100 | 144,303 | 148,632 | 153,091 |
| Other: | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Resident Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 495,104 | 0 | 0 | 350,171 | 541,014 | 557,244 | 573,961 | 591,180 | 608,915 | 627,183 | 645,995 | 665,378 | 685,340 | 705,900 | 727,077 | 748,889 | 771,356 | 794,497 | 818,331 | 842,881 |
| GP RELATED LOAN INTEREST | | | | | | | | | | | | | | | | | | | | |
| Percent Reallocated to GP | 80.0% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENSE REALLOCATION TO GP | | | | | | | | | | | | | | | | | | | | |
| | | 0 | 0 | 280,136 | 432,811 | 445,795 | 459,169 | 472,944 | 487,132 | 501,746 | 516,799 | 532,303 | 548,272 | 564,720 | 581,662 | 599,111 | 617,085 | 635,597 | 654,665 | 674,305 |

Capital Account Analysis and Tax Liability - Sale Price Equals Debt

Version: v5.4 Closing

| LIMITED PARTNER | Credit Period Year: | (1) | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|--|---------------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
| MINIMUM GAIN ANALYSIS | | | | | | | | | | | | | | | | | | | | |
| Adjusted Basis | | 48,112,951 | 48,112,951 | 47,236,657 | 45,778,789 | 44,320,921 | 42,863,053 | 41,405,184 | 39,947,316 | 38,489,448 | 37,031,580 | 35,573,712 | 34,117,020 | 32,830,707 | 31,488,395 | 30,146,082 | 28,803,769 | 27,461,457 | 26,119,144 | 24,776,832 |
| Deed-Secured Cash Reserves | | 48,960 | 49,939 | 89,338 | 148,725 | 209,299 | 271,085 | 334,107 | 398,389 | 463,957 | 530,836 | 599,053 | 668,634 | 739,606 | 811,999 | 885,839 | 961,155 | 1,037,978 | 1,116,338 | 1,196,265 |
| Total Adjusted Basis plus Cash | | 48,161,911 | 48,162,890 | 47,325,995 | 45,927,514 | 44,530,220 | 43,134,138 | 41,739,291 | 40,345,705 | 38,953,405 | 37,562,416 | 36,172,765 | 34,841,653 | 33,570,314 | 32,300,393 | 31,031,921 | 29,764,925 | 28,499,435 | 27,235,482 | 25,973,096 |
| Outstanding Nonrecourse Debt | | 12,656,397 | 12,884,521 | 35,793,413 | 35,559,609 | 35,320,179 | 35,678,406 | 36,040,327 | 36,405,905 | 36,775,101 | 37,147,869 | 37,524,159 | 37,903,916 | 38,287,080 | 38,673,585 | 39,063,359 | 39,456,324 | 39,852,397 | 40,251,486 | 40,919,944 |
| Minimum Gain - Partnership | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,351,394 | 3,062,262 | 4,716,766 | 6,373,192 | 8,031,438 | 9,691,400 | 11,352,962 | 13,016,004 | 14,946,848 |
| LIMITED PARTNER 704(B) CAPITAL ANALYSIS | | | | | | | | | | | | | | | | | | | | |
| Beginning LP 704(b) Capital (LP Cap. Acct. + LP Min. Gain) | | 0 | 1,484,094 | 1,484,094 | 13,016,613 | 12,412,187 | 11,728,606 | 10,462,871 | 9,209,111 | 7,967,590 | 6,738,576 | 6,873,606 | 7,381,141 | 7,902,842 | 2,764,105 | 2,825,338 | 2,888,169 | 2,952,619 | 3,018,708 | 3,211,793 |
| LP Capital Contributions | | 1,484,094 | 0 | 13,256,846 | 100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (less) LP Cash Flow Distributions | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LP 704(b) Capital Available for Losses | | 1,484,094 | 1,484,094 | 14,740,940 | 13,116,613 | 12,412,187 | 11,728,606 | 10,462,871 | 9,209,111 | 7,967,590 | 6,738,576 | 6,873,606 | 7,381,141 | 7,902,842 | 2,764,105 | 2,825,338 | 2,888,169 | 2,952,619 | 3,018,708 | 3,211,793 |
| LIMITED PARTNER LOSS ANALYSIS | | | | | | | | | | | | | | | | | | | | |
| LP Share of Losses per LPA | | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 99.99% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |
| Annual Potential Losses Allocated to LP | | 0 | 0 | (1,553,859) | (704,427) | (683,581) | (1,265,735) | (1,253,760) | (1,241,521) | (1,229,013) | (1,216,229) | (1,203,163) | (1,132,637) | (1,059,762) | (104,591) | (103,165) | (101,706) | (100,215) | (98,244) | (96,113) |
| (less) Related Party Losses Reallocated to GP | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Adjusted Potential LP Losses | | 0 | 0 | (1,553,859) | (704,427) | (683,581) | (1,265,735) | (1,253,760) | (1,241,521) | (1,229,013) | (1,216,229) | (1,203,163) | (1,132,637) | (1,059,762) | (104,591) | (103,165) | (101,706) | (100,215) | (98,244) | (96,113) |
| Losses Allowable to Extent of LP 704(b) Capital | | (1,484,094) | (1,484,094) | (14,740,940) | (13,116,613) | (12,412,187) | (11,728,606) | (10,462,871) | (9,209,111) | (7,967,590) | (6,738,576) | (6,873,606) | (7,381,141) | (7,902,842) | (104,591) | (103,165) | (101,706) | (100,215) | (98,244) | (96,113) |
| Actual Losses Allocated to LP | | 0 | 0 | (1,553,859) | (704,427) | (683,581) | (1,265,735) | (1,253,760) | (1,241,521) | (1,229,013) | (1,216,229) | (1,203,163) | (1,132,637) | (1,059,762) | (104,591) | (103,165) | (101,706) | (100,215) | 0 | 0 |
| LP DRO? | | Y | Y | Y | Y | | | | | | | | | | | | | | | |
| LIMITED PARTNER CREDIT DELIVERY ANALYSIS | | | | | | | | | | | | | | | | | | | | |
| LP 704(b) Capital Available for Losses | | 1,484,094 | 1,484,094 | 14,740,940 | 13,116,613 | 12,412,187 | 11,728,606 | 10,462,871 | 9,209,111 | 7,967,590 | 6,738,576 | 6,873,606 | 7,381,141 | 7,902,842 | 2,764,105 | 2,825,338 | 2,888,169 | 2,952,619 | 3,018,708 | 3,211,793 |
| LP Share of Depreciation per LPA | | 0 | 0 | 876,206 | 1,457,722 | 1,457,722 | 1,457,722 | 1,457,722 | 1,457,722 | 1,457,722 | 1,457,722 | 1,457,722 | 1,400,552 | 1,342,178 | 134,231 | 134,231 | 134,231 | 134,231 | 134,231 | 134,231 |
| Reduction in LP LIHTC due to 704(b) Capital Shortfall | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| LIMITED PARTNER CAPITAL ACCOUNT | | | | | | | | | | | | | | | | | | | | |
| Beginning Capital Account Balance | | 0 | 1,484,094 | 1,484,094 | 13,016,613 | 12,412,187 | 11,728,606 | 10,462,871 | 9,209,111 | 7,967,590 | 6,738,576 | 5,522,347 | 4,319,185 | 3,186,547 | 2,126,785 | 2,022,194 | 1,919,029 | 1,817,323 | 1,717,108 | 1,717,108 |
| LP Capital Contributions | | 1,484,094 | 0 | 13,256,846 | 100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (less) Syndication Expenses | | 0 | 0 | -170,467 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (less) LP Cash Flow Distributions | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (less) Losses Allocated to LP | | 0 | 0 | -1,553,859 | -704,427 | -683,581 | -1,265,735 | -1,253,760 | -1,241,521 | -1,229,013 | -1,216,229 | -1,203,163 | -1,132,637 | -1,059,762 | -104,591 | -103,165 | -101,706 | -100,215 | 0 | 0 |
| End of Year Capital Account Balance | | 1,484,094 | 1,484,094 | 13,016,613 | 12,412,187 | 11,728,606 | 10,462,871 | 9,209,111 | 7,967,590 | 6,738,576 | 5,522,347 | 4,319,185 | 3,186,547 | 2,126,785 | 2,022,194 | 1,919,029 | 1,817,323 | 1,717,108 | 1,717,108 | 1,717,108 |
| LIMITED PARTNER EXIT BENEFIT/LIABILITY ANALYSIS | | | | | | | | | | | | | | | | | | | | |
| Marginal Tax Rate | | 21.00% | | | | | | | | | | | | | | | | | | |
| End of Year Capital Account Balance | | 1,484,094 | 1,484,094 | 13,016,613 | 12,412,187 | 11,728,606 | 10,462,871 | 9,209,111 | 7,967,590 | 6,738,576 | 5,522,347 | 4,319,185 | 3,186,547 | 2,126,785 | 2,022,194 | 1,919,029 | 1,817,323 | 1,717,108 | 1,717,108 | 1,717,108 |
| (plus) Syndication Expenses | | 0 | 0 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 | 170,467 |
| Tax Benefit/(Liability) on Sale @ \$1 | | 311,660 | 311,660 | 2,769,287 | 2,642,357 | 2,498,805 | 2,233,001 | 1,969,711 | 1,708,992 | 1,450,899 | 1,195,491 | 942,827 | 704,973 | 482,423 | 460,459 | 438,794 | 417,436 | 396,391 | 396,391 | 396,391 |
| Gross-Up Factor for Taxes on Gain due to Tax Payment | | 79.00% | | | | | | | | | | | | | | | | | | |
| Total GP Obligation on Sale: LP Tax Liability + Gross-Up | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| GENERAL PARTNER | Credit Period Year: | (1) | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|--|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 |
| Minimum Gain - Partnership | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,351,394 | 3,062,262 | 4,716,766 | 6,373,192 | 8,031,438 | 9,691,400 | 11,352,962 | 13,016,004 | 14,946,848 |
| Partnership Minimum Gain - GP Share | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 135 | 306 | 472 | 5,735,872 | 7,228,294 | 8,722,260 | 10,217,666 | 11,714,404 | 13,452,163 |
| Minimum Gain - Partner (GP) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CAPITAL ACCOUNT | | | | | | | | | | | | | | | | | | | | |
| Beg. of Yr Capital Account Balance | | 0 | 1,308,197 | 1,308,197 | 1,027,905 | 595,024 | 149,160 | (310,136) | (783,205) | (1,270,462) | (1,772,331) | (2,289,251) | (2,821,674) | (3,370,059) | (3,934,885) | (4,547,868) | (5,199,029) | (5,817,902) | (6,485,438) | (7,199,324) |
| Capital Contributions | | 1,308,197 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Annual Losses @ .01% | | 0 | 0 | (280,292) | (432,881) | (445,863) | (459,296) | (473,069) | (487,257) | (501,869) | (516,920) | (532,423) | (548,385) | (564,826) | (582,983) | (601,759) | (621,166) | (641,225) | (661,949) | (683,337) |
| LP Losses Re-allocated to GP (Related Party) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LP Losses Re-allocated to GP (Capital Account Shortfall) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash Flow | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| End of Year Capital Account | | 1,308,197 | 1,308,197 | 1,027,905 | 595,024 | 149,160 | (310,136) | (783,205) | (1,270,462) | (1,772,331) | (2,289,251) | (2,821,674) | (3,370,059) | (3,934,885) | (4,547,868) | (5,199,029) | (5,817,902) | (6,485,438) | (7,199,324) | (7,949,661) |

| | |
|--|------------------------------|
| Investment Summary - LIHTC Investor | Version: v5.4 Closing |
|--|------------------------------|

| Assumptions | | | | | | | | | | |
|--------------------|-------------------------|---------------------------|-----------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------------|----------------------------|---|-------------|
| Marginal Tax Rate | | 21.0% | | | | | | | | |
| YEAR | LIMITED PARTNER PAY-INS | AFTER-TAX VALUE OF LOSSES | TOTAL LTD PTR FEDERAL LIHTC | TOTAL LTD PTR CALIFORNIA LIHTC | TOTAL LTD PTR ENERGY CREDITS | TOTAL LTD PTR HISTORIC CREDITS | TAX BENEFIT/ (LIABILITY) UPON SALE | TOTAL LTD PTR TAX BENEFITS | CUMULATIVE RATIO OF BENEFITS TO LTD PTR PAY-INS | Credit Year |
| 2020 | 1,484,094 | 0 | 0 | 0 | 0 | 0 | | 0 | 0.00 | (1) |
| 2021 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0.00 | 0 |
| 2022 | 13,256,846 | 326,310 | 942,417 | 0 | 0 | 0 | | 1,268,727 | 0.09 | 1 |
| 2023 | 100,000 | 147,930 | 1,613,146 | 0 | 0 | 0 | | 1,761,075 | 0.20 | 2 |
| 2024 | 0 | 143,552 | 1,613,146 | 0 | 0 | 0 | | 1,756,698 | 0.32 | 3 |
| 2025 | | 265,804 | 1,613,146 | 0 | 0 | 0 | | 1,878,950 | 0.45 | 4 |
| 2026 | | 263,290 | 1,613,146 | 0 | 0 | 0 | | 1,876,435 | 0.58 | 5 |
| 2027 | | 260,719 | 1,613,146 | 0 | 0 | 0 | | 1,873,865 | 0.70 | 6 |
| 2028 | | 258,093 | 1,613,146 | 0 | 0 | 0 | | 1,871,238 | 0.83 | 7 |
| 2029 | | 255,408 | 1,613,146 | 0 | 0 | 0 | | 1,868,554 | 0.95 | 8 |
| 2030 | | 252,664 | 1,613,146 | 0 | 0 | 0 | | 1,865,810 | 1.08 | 9 |
| 2031 | | 237,854 | 1,613,146 | 0 | 0 | 0 | | 1,850,999 | 1.20 | 10 |
| 2032 | | 222,550 | 670,729 | 0 | 0 | 0 | | 893,279 | 1.26 | 11 |
| 2033 | | 2,197 | 0 | 0 | 0 | 0 | | 2,197 | 1.26 | 12 |
| 2034 | | 2,167 | 0 | 0 | 0 | 0 | 0 | 2,167 | 1.26 | 13 |
| 2035 | | 2,136 | 0 | 0 | 0 | 0 | 0 | 2,136 | 1.26 | 14 |
| 2036 | | 2,105 | 0 | 0 | 0 | 0 | 0 | 2,105 | 1.27 | 15 |
| 2037 | | 0 | 0 | 0 | 0 | 0 | 396,391 | 396,391 | 1.29 | 16 |
| 2038 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1.29 | 17 |
| TOTAL | 14,840,940 | 2,642,778 | 16,131,456 | 0 | 0 | 0 | | 19,170,625 | | |

| | |
|---------------------------------------|-----------------------|
| Net Quarterly Benefit Schedule | Version: v5.4 Closing |
|---------------------------------------|-----------------------|

| LP EQUITY PAY-IN SCHEDULE | | | |
|-------------------------------|-------------------|----------|-------------------|
| | AMOUNT | DATE | THRESHOLD |
| LP Admission (Const. Portion) | 1,484,094 | 10/01/20 | Initial Closing |
| LP Admission (Collateral) | 0 | 10/01/20 | Initial Closing |
| Completion Payment | 1,484,094 | 05/01/22 | Const. Completion |
| Conversion Payment | 11,772,752 | 12/01/22 | Perm Conversion |
| Final Payment #1 | 100,000 | 03/01/23 | 8609 |
| Final Payment #2 | 0 | | |
| TOTAL LP CONTRIBUTIONS | 14,840,940 | | |

| NET QUARTERLY BENEFITS | | | | | |
|--|------|-------------------|-----------------------|---------------------|-----------------|
| Internal Rate of Return: 5.23% | | | | | |
| | YEAR | INVESTMENT | TOTAL QUART. BENEFITS | NET QUART. BENEFITS | THRESHOLD |
| | 2020 | 0 | 0 | 0 | |
| | | 0 | 0 | 0 | |
| | | 0 | 0 | 0 | |
| | | -1,484,094 | 0 | -1,484,094 | LP Admission |
| | 2021 | 0 | 0 | 0 | |
| | | 0 | 0 | 0 | |
| | | 0 | 0 | 0 | |
| | | 0 | 0 | 0 | |
| | 2022 | 0 | 0 | 0 | |
| | | -1,484,094 | 422,909 | -1,061,185 | Completion |
| | | 0 | 422,909 | 422,909 | |
| | | -11,772,752 | 422,909 | -11,349,843 | Perm Conversion |
| | 2023 | -100,000 | 440,269 | 340,269 | Form 8609 |
| | | 0 | 440,269 | 440,269 | |
| | | 0 | 440,269 | 440,269 | |
| | | 0 | 440,269 | 440,269 | |
| | 2024 | 0 | 439,174 | 439,174 | |
| | | 0 | 439,174 | 439,174 | |
| | | 0 | 439,174 | 439,174 | |
| | | 0 | 439,174 | 439,174 | |
| | 2025 | 0 | 469,738 | 469,738 | |
| | | 0 | 469,738 | 469,738 | |
| | | 0 | 469,738 | 469,738 | |
| | | 0 | 469,738 | 469,738 | |
| | 2026 | 0 | 469,109 | 469,109 | |
| | | 0 | 469,109 | 469,109 | |
| | | 0 | 469,109 | 469,109 | |
| | | 0 | 469,109 | 469,109 | |
| | 2027 | 0 | 468,466 | 468,466 | |
| | | 0 | 468,466 | 468,466 | |
| | | 0 | 468,466 | 468,466 | |
| | | 0 | 468,466 | 468,466 | |
| | 2028 | | 467,810 | 467,810 | |
| | | | 467,810 | 467,810 | |
| | | | 467,810 | 467,810 | |
| | | | 467,810 | 467,810 | |
| | 2029 | | 467,138 | 467,138 | |
| | | | 467,138 | 467,138 | |
| | | | 467,138 | 467,138 | |
| | | | 467,138 | 467,138 | |
| | 2030 | | 466,452 | 466,452 | |
| | | | 466,452 | 466,452 | |
| | | | 466,452 | 466,452 | |
| | | | 466,452 | 466,452 | |
| | 2031 | | 462,750 | 462,750 | |
| | | | 462,750 | 462,750 | |
| | | | 462,750 | 462,750 | |
| | | | 462,750 | 462,750 | |
| | 2032 | | 223,320 | 223,320 | |
| | | | 223,320 | 223,320 | |
| | | | 223,320 | 223,320 | |
| | | | 223,320 | 223,320 | |
| | 2033 | | 549 | 549 | |
| | | | 549 | 549 | |
| | | | 549 | 549 | |
| | | | 549 | 549 | |
| | 2034 | | 542 | 542 | |
| | | | 542 | 542 | |
| | | | 542 | 542 | |
| | | | 542 | 542 | |
| | 2035 | | 534 | 534 | |
| | | | 534 | 534 | |
| | | | 534 | 534 | |
| | | | 534 | 534 | |
| | 2036 | | 526 | 526 | |
| | | | 526 | 526 | |
| | | | 526 | 526 | |
| | | | 526 | 526 | |
| | 2037 | | 396,391 | 396,391 | |
| | | | 0 | 0 | |
| | | | 0 | 0 | |
| | | | 0 | 0 | |
| | 2038 | | 0 | 0 | |
| | | | 0 | 0 | |
| | | | 0 | 0 | |
| | | | 0 | 0 | |
| | | | 0 | 0 | |
| TOTAL | | 14,840,940 | 19,170,625 | 4,329,686 | |

17. Bank References

San Diego Housing Commission – Developer Disclosure Statement

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

1. Name: **Sebastian Glowacki, Business Development Officer, US Bank**
Address: **633 W. 5th Street, 29th Floor, Los Angeles, CA 90071**
Phone: **303-585-4230**
Project Name and Description:
**North Park Seniors (New Construction, 76 Units, in San Diego);
Kimball Tower (Rehabilitation, 151 apts., in National City); and
Morgan Tower (Rehabilitation, 152 apts., in National City)**

2. Name: **Perica Bell, Managing Director, Union Bank**
Address: **1901 Avenue of the Stars, Suite 600, Los Angeles, CA 90067**
Phone: **310-551-8964**
Project Name and Description:
**Kalos Apartments (New construction, 83 apts., in San Diego); and
Keeler Court (New construction, 71 apts., in San Diego)**

3. Name: **Todd Fabian, Vice President, National Equity Fund**
Address: **500 S Grand Ave, #2300, Los Angeles, CA 90017**
Phone: **213-240-3144**
Project Name and Description:
**Las Serenas Apartments (Rehabilitation, 102 apts., in San Diego); and
Sun Ridge Apartments (New Construction, 198 apts., in Concord)**

20. List of Previous Undertakings

San Diego Housing Commission – Developer Disclosure Statement

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 |
|--|--|---------------------------|-----------------------|-----------------------|
| Keeler Court Apartments Public Improvements | Grading and improvement plans to build affordable housing | Est. 8/2021 | \$331,240 | Active |
| Paseo Artist Village – Landscaping and Irrigation Bond | Public landscaping and irrigation related to development of affordable housing | Est. 9/2021 | \$22,000 | Active |
| Paseo Artist Village – Performance Bond | Site improvement work related to development of affordable housing | Est. 9/2021 | \$270,000 | Active |
| Paseo Artist Village – Grading, Drainage and Erosion Control | Site grading and erosion control work related to development of affordable housing | Est. 9/2021 | \$363,000 | Active |
| Paseo Artist Village – Payment and Performance Bond | Construction of Water System related to development of affordable housing | Est. 9/2021 | \$78,163 | Active |
| Paseo Artist Village – Warranty Bond | Construction of Water System related to development of affordable housing | Est. 9/2021 | \$7,816 | Active |
| | | | | |

22. CHW Developer Qualifications

Community HousingWorks

QUALIFICATIONS

Community HousingWorks (CHW) is a nationally-recognized 501(c)(3) non-profit organization that believes opportunity begins with a stable home. Community HousingWorks provides and builds life-changing affordable apartment communities with resident-centered services for working families, seniors, and people with disabilities to forge stronger futures.

CHW has successfully developed new and renovated existing multi-family, affordable rental apartments in urban, suburban and rural communities in California since 1988. With nearly 3,700 rental apartments in 42 communities statewide as of September, 2019, CHW proudly serves more than more than 9,000 children and adults each year. CHW is an Exemplary member of the national NeighborWorks Network®, a founding member of the Housing Opportunities Collaborative, an award- winning affiliate of UnidosUS, and the national Housing Partnership Network.



North Santa Fe | Vista, CA

In addition to developing quality, cost effective apartment communities, CHW distinguishes itself from other developers with outcome based programs for our residents. CHW delivers onsite programs to residents to give people the knowledge, tools, and motivation to achieve their goals and dreams. As a result, many adult residents are able to get out of debt, improve their credit, and start a practice of saving for the future; and youth have a safe place to learn and grow, improve reading ability, and succeed at school. Our board of directors, donors and fund raising programs help support the cost of these services.



Kalos | San Diego, CA

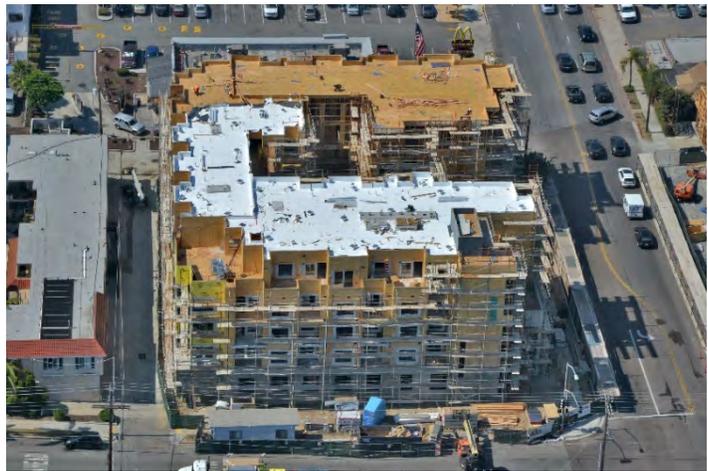
Developer Experience

Since 1988, CHW's multifamily division has established a successful track record as a real estate developer in urban, suburban, and rural areas. We have completed and currently own 42 rental communities with nearly 3,700 apartments statewide as of September, 2019, with approximately 1,100 apartments in development. Our rental developments thrive in higher income communities such as Carlsbad and suburban Poway, as well as in inner-city communities like San Diego's City Heights and Shelltown.

Developments like Kalos (San Diego), North Santa Fe (Vista), Mission Cove (Oceanside), Paradise Creek (National City), La Costa Paloma (Carlsbad), and SOLARA (Poway) illustrate CHW's experience with large-scale new construction, complex sites, and wood frame over podium parking, developments comparable to the future of infill housing. The successful development and operation of these rental communities demonstrates our capacity to acquire, design, purchase land, obtain entitlements, finance, build and operate residential properties. And while some nonprofits have amassed portfolios of thousands of units not by developing themselves but by being the tax-exempt partner for other developers, CHW has been the sole developer, or the lead partner in the development of all 42 communities in our portfolio, with the exception of Paradise Creek.

Portfolio Overview

CHW has over 1,100 apartments in the active pipeline of new construction, acquisition, rehabilitation and preservation. In the last two years, CHW grew by over 40 percent, transforming itself into a powerhouse recognized by *Affordable Housing Finance Magazine* as number 33 of the “Top 50 Affordable Housing Developers” nationwide in 2017.



North Park Seniors | San Diego, CA

At the close of the fiscal year 2018, Community HousingWorks had Unrestricted Net Assets of more than \$65 million. CHW’s current portfolio is valued at over \$621 million. CHW maintains a cash position covering at least six months of operations, and derives its income from diverse funding sources including governments, foundations, corporate grants, individual donors, development and asset management fees. The diversity of funding sources and business lines has allowed CHW to be resilient and grow significantly in the past five years, in spite of diminished government resources.

Cost Efficiency, Schedule, and Entitlements

CHW works with top architects to design apartment complexes that fit seamlessly into the existing community and complement and enhance the surrounding homes and neighborhoods. Our cost-effective designs are attractive and responsive to community needs and context. A study by Keyser Marston Associates, *Construction Cost Comparison Analysis – Affordable vs Market Rate Development*, released by the San Diego Housing Commission in 2011, highlighted our cost-conscious design achievements, favorably comparing Kalos Apartments, our 83-unit, four story, wood frame with concrete podium in North Park, to several other local developments.

Profile: North Santa Fe Apartments: On-Time, Under-Budget, Stellar Costs by Industry Norms

CHW’s recently completed family development in Vista is an example of our experience and qualifications regarding cost efficiency and budget construction performance, illustrating that—in addition to rehab projects—CHW excels at new construction. Constructed by Sun Country Builders, costs were below other tax credit developments.

The city selected CHW through an RFQ process in July 2012. By the following June, CHW had completed full design and entitlements on a complicated site for a 68-unit podium (underground garage) construction, and had readiness to apply for a competitive tax credit allocation in July 2013. After learning that CHW’s 9% tax credit application won, we successfully completed construction documents and pulled grading and building permits prior to closing in March 2014. This exhibited our experience in obtaining entitlements, working successfully with a city for both housing development as well as permits.

The project, with a Green Point Rated certification of 201 points (Platinum), one of the top seven scores ever recorded in California, completed construction early, under-budget, despite having additional environmental remediation. Savings were used to add photovoltaic panels for common area energy mitigation. We applied for and won AHP finance from the Federal Home Loan Bank (“FHLB”) of San Francisco for \$670,000; as we neared completion with project savings, we returned the award to the FHLB, undisbursed. The final project costs were virtually identical – within \$19,000 – to the projections provided to the city in the original RFQ. Moreover, the project was 100% occupied by income-qualified residents within 10 days of the Certificates of Occupancy in July 2015.

The final cost for North Santa Fe Apartments, completed in 2015, was \$297,000/unit, significantly below the cost of most other tax credit affordable developments. Data provided by California Tax Credit Allocation Committee (“CTCAC”) indicates that for 2015, the average cost per unit for new construction was \$390,000 per unit.

Sustainability Leader: Operating Cost Efficiencies, Resident Health

CHW is committed to sustainability as a benefit both for resident health as well as for mitigation of project operating costs. Nationally noted as an innovator and leader in sustainability, our landmark SOLARA development (2007) exemplifies CHW’s track record in this area.. Prior to there being a LEED for Homes program, but following the USGBC LEED checklists that existed for commercial properties, CHW achieved the first virtual net zero energy project that was a pilot project of the California Energy Commission (“CEC”). By 2017, CHW’s solar investments alone had met 3.5 megawatts of the federal 2020 goal of 100 megawatts of solar on affordable apartments.



Solara | Poway, CA

As a national leader in the field of sustainable design and development, CHW has made it our business to know how to **access financial incentives** to lower the cost of installing energy and water conserving technologies, and we lead the industry in using green technologies to lower operating costs and to provide them as amenities. CHW has been awarded for our commitment to renewables, and we have photovoltaic panels providing electricity in 18 of our apartment communities. CHW’s sustainable design and construction practices seek to promote a healthy environment and to provide thermal comfort and utility savings for our residents. High performance buildings reduce our carbon footprint, minimize the use of natural resources, and, perhaps most importantly, significantly lower utility and maintenance costs over time.

We are thoughtful and careful on selection of sustainable elements, looking at long term operating cost efficiencies from water and energy performance enhancements, but also mindful of operating costs for unit interiors such as plank flooring versus carpet in apartments, using no-VOC paints to prevent allergy and asthma particularly in seniors. We have been recognized with numerous national and statewide awards for sustainability.

SENIOR SERVICES EXPERIENCE

Community HousingWorks (CHW) has long held the core belief that with a safe and stable home, and community support, our residents have the tools to forge strong futures. This belief and our commitment to resident success—creating safe, stable, affordable apartment communities and support for hopeful action by our residents—are at the heart of our mission and who we are as an organization.

As part of our resident-driven approach, we perform a resident opportunity and needs assessment, plus complete a community scan to make sure that we design programs that are relevant and appropriate to the residents served. CHW delivers services for seniors through both onsite staff and through partners and volunteers, creating more sustainability and more ability to vary services based on resident needs and available resources. CHW invests in measuring the impact of our core services, in order to continually improve those results.

CHW is committed to providing relevant and resident-focused quality programs that help residents maximize their full potential. To do so, CHW assesses the community needs, challenges, and goals through informal and formal assessments of residents, and responds with programs tailored to meet the unique needs and interest of each community. Program specifics will differ for each community, but fall into our core service initiative areas further outlined, below, in the proposed Scope of Services for Seniors. Programs and services will be offered to all residents, ongoing in nature, at no cost to residents and will be provided onsite at the Community Center (with the exception of services provided offsite on a referral basis).

Qualifications

Since 1997, when our residents first requested support for their children's homework, CHW has routinely included community centers and on-site services in almost all of our apartment communities. Our very first apartments in 1989 offered transitional housing services to homeless women and children. CHW is among the few large housing nonprofits in the country that supplement project service fees with both individual donor and grant contributions, in order to assure we are able to provide access to impactful, sustainable, and scalable resident services.

CHW currently offers programming in four areas of highest impact for our mission: Financial Well-being, Next Generation Success, Health and Wellness, and Supportive Housing. By defining what success means for residents based on resident input, we are making a stronger commitment to resident-driven impact. This means engaging residents even more deeply than before, and relying on resident volunteerism and engagement to build up the community and support residents' needs. This approach also continues to build a culture of hopeful action, which is a powerful tool for our residents' individual and collective success.

Target Population

The target population for the proposed program at Ulric Street Apartments II will be 100% participation of the senior households. CHW will develop a comprehensive program to match the needs and interest of the community, as well as conduct community outreach to engage community participation. Outreach strategies may include, but are not limited to:

- Monthly newsletter/calendar distribution, posting flyers, etc.
- Connecting with residents in the community at property laundry rooms, mailboxes
- Individual outreach by, knocking on doors to engage residents; and
- Hosting refreshment get-togethers to encourage participation and socialization.

PROPOSED SENIOR SERVICES PLAN

On-Site Resident Services Staffing Plan

CHW has a strong reputation for delivering high quality programs, services and assistance to the senior community. In order to reflect those high standards of performance at Ulric Street Apartments II, CHW, or in coordination with a third party resident services provider, will hire and train a dedicated, culturally competent and professional Resident Services Coordinator.

Duties of the position will include:

- Plan and deliver contracted programs, as well as oversee the delivery of services community partners;
- Oversee the daily operations of the onsite Community Center;
- Conduct community outreach to engage new and existing residents to inform them of available programs/services and to encourage participation and attendance;
- Identify and outreach to other local partners to provide additional programs onsite and resources available for resident referrals;
- Plan, advertise and coordinate all logistics for community events and activities, emphasizing socialization, resources including computer access, health, intergenerational volunteer activities;
- Survey and identify resident needs through community engagement, outreach and interactions;
- Recruit and supervise program volunteers and intern support to further provide additional outreach and leverage other resources;
- Maintain open and ongoing communication with community stakeholders, including property management staff, owners, security, City officials, housing authority, maintenance, the local police department, etc.;
- Provide program and event materials, food, and supplies; and,
- Fulfill administrative responsibilities, including track and report all participation, develop and distribute a monthly newsletters/calendar of events, and process monthly financial reports

Additionally, the Residents Services Coordinator will be supported and managed by an assigned Associate Director. The Associate Director will be assigned to supervise the Resident Services Coordinator at Ulric Street Apartments II and provide additional support and oversight for Community Center operations, programs and personnel matters. Additionally, the Associate Director will also keep ongoing contact with property management staff, CHW, and provide on-going professional development, coaching and coverage support for staff.

The annual direct cost of services to the property is \$60,000, as discussed below (see description below of the full value of services that CHW will leverage through established partnerships). That leverage allows CHW to offer a variety of programs to address the community needs and to maximize the resources available. Donation and leveraged support may include in-kind donations provided by partners/experts, software, refreshments, as well as volunteer and intern support for programs/events, etc.

Scope of Services for Seniors

The CHW proposal for resident services is to develop and provide an innovative, high quality, Senior Services program. The program is based on components including: a needs assessment of residents; provision of ongoing socialization opportunities to avoid isolation, continue mobility, and maintain community connections; helping seniors in financial or health crisis with food stability and outside services; providing a robust activities program that centers on health and wellness and productive aging in place and

connection to the Linda Vista community. Goals include provision of resources for improvement and sustainability of resident health; increased access to supportive services; and, reduction in isolation for seniors living at Ulric Street Apartments II.

CHW Resident Services Coordinator will tailor its services to improve **residents' quality of life, increase their self-sufficiency, and maximize their independence**. It is not a cookie cutter approach, and will reflect the interests and needs of the existing residents, the connections with the Linda Vista community, and the various interests including looking forward to those changing interests of the incoming Baby Boomer generation as they age (e.g. more tech savvy related services and information).

CHW will **leverage its Senior Services programs, as well as ongoing collaborations with other agencies** as: County of San Diego Aging and Independent Services, and other local nonprofit partners. The intent is to provide a continuum of support that facilitates independent living and productive and healthy aging in place, with access to affordable, integrated health options that work collaboratively with social services. The result is to assist residents achieve healthier outcomes and connections to resources that enable them to thrive.

CHW will provide **senior-centric programming**, to include but not be limited to the following linkages of additional services:

- Offer activities such as physical fitness classes (e.g. low impact Zumba, yoga, walking clubs, etc.);
- Potential resident garden onsite, with garden club, activities of community cooking events in the Community Center, promoting socialization and health;
- Offer health risk assessments and screenings;
- Offer interested seniors volunteer opportunities either within the community, at the senior connections luncheons, or on-site;
- Offer care coordination support with health-related issues, medical insurance, and appointments with their doctors;
- Identify current residents who are Medicaid eligible and at risk of nursing home placement, for referral to the Programs of All-Inclusive Care for the Elderly (PACE), which provides comprehensive medical and social services to certain frail, community-dwelling elderly individuals, most of whom are dually eligible for Medicare and Medicaid benefits. An interdisciplinary team of health professionals provides PACE participants with coordinated care through a comprehensive service package, enabling them to remain in the community rather than receive care in a nursing home;
- Work with SOAR, the County of San Diego's Aging and Independence Services (AIS) program, to provide care management services to people who do not qualify for such services through other programs. SOAR care managers work with the client to find and coordinate services in the home. The staff members develop a care plan with the client and any significant others to help the client remain safe and as independent as possible. One common goal for SOAR care managers and for clients is to prevent hospitalization or long-term, out-of-home placement.
- Work with property management and maintenance to provide minor home repairs in the apartments if needed to improve resident safety, better accommodate senior mobility, and support in-home caregivers;
- Provide access to food resources;
- Disaster Preparedness Classes to all residents;
- Offer the Senior Connections mobile food program to nutritious meals, social interaction, and educational/informative presentations for low-income seniors in their community to help improve their health and wellness.

A robust activities roster will be developed and offered to Ulric Street Apartments II's residents to foster community connections among seniors and provide opportunities for education, enrichment, and socialization. Guest presenters and volunteers will host activities such as chair yoga, tai chi classes, and informational lectures about community issues. Services including having other local social services present the services and resources they have available to seniors, speakers series on common medical issues, health workers conducting basic health risk assessments and screenings, providing opportunities to connect seniors to health care coverage and service options.

LEVERAGING ADDITIONAL SERVICES RESOURCES

Leveraging CHW's Financial Well-Being Programs

As part of the resident services programming available to residents at Ulric Street Apartments II, CHW will include its Rental Home Stability Program (RHSP) to assist any household at risk of eviction due to financial hardship regain stability. This innovative program, the only of its kind in San Diego, was recognized in a national review as one of seven best-practices programs in the nation, and has an 80% success rate of keeping residents financially secure and in their homes (see enclosed press regarding this program). It builds the connection of resident services with effective property management.

Additionally, CHW's Financial Fitness classes use a group coaching model to help residents more effectively manage their money and make positive financial choices to meet self-identified goals. Help with budgeting, a credit report and an online financial toolbox of free tools support their success. Residents who may have had damaged credit due to circumstances beyond their control, including medical bills, can rebuild credit. The success ratio is excellent—55% of those residents participating in CHW's program raised their credit scores in just six months by an average of 50 points, and several reached the 680 score threshold of "solid credit".

Leveraging CHW's Live Well Programs

Residents of Ulric Street Apartments II will have access to one of CHW's innovative health programs. CHW is an officially recognized County of San Diego Live Well Partner, and is actively implementing the Live Well Resident Leadership Academy. In 2017, the San Diego Board of Supervisors unanimously commended CHW for its outstanding commitment to the wellness of County residents. Through a partnership with Scripps Whittier Diabetes Institute, CHW offers the Diabetes Prevention Program. It provides at-risk and pre-diabetic residents a 12 month program covering self-care and ways to reduce weight in order to prevent Type II Diabetes. Residents have come together to track hundreds of pounds of weight loss and start a shared exercise program. The Project Dulce Program supports seniors with borderline or full Type II diabetes with a series of self-care classes.

IMPLEMENTATION SCHEDULE AND BUDGET

The following is a general outline of the plan for implementation strategy and timeline:

Pre-development:

1. Conduct site and neighborhood visits, meet key personnel (i.e. property management staff), assess community resources and needs.
2. Submit proposed start-up budget or list of proposed items needed to launch programs onsite.
3. Work with Project Manager to provide feedback on program space and FF&E plans, if applicable.

4. Execute agreement with community partners.
5. Identify timeline for tentative program start date.

Start of resident services (4-8 weeks prior to start of services):

6. Activate recruiting efforts for qualified Resident Services Coordinator.
7. Work on hiring and complete background clearance check of selected candidate.
8. Work with Project Manager to complete Community Center Start up Items (prior to staff starting onsite) - ensure internet/phone/fax is set up, and furniture and computers are onsite.
9. Establish communication with key personnel onsite, including property management, maintenance, IT, etc.
10. Schedule official Program Start Date and advertise to the community.

Program Start Date/ Operational Activities (On-going):

11. CHW Resident Services Coordinator to start onsite.
12. CHW to initiate outreach, informal and formal needs assessments and coordinate and launch appropriate programming.
13. Staff to purchase remaining start-up materials based on the finalized start-up budget.
14. Publish monthly newsletter/calendar to advertise offered programs.
15. Maintain on-going communications with onsite management and ownership staff regarding community and programming activity.

Monitoring and Reporting

As a resident service provider, CHW takes ownership and makes it a priority to ensure all contractual and compliance requirements are being met. All programs and participation are diligently documented using a customized database system; therefore client participation will be tracked through a monthly attendance reports. Monthly attendance reports document number of participants, units of service, program type and hours of service provided to document program activity and to illustrate all regulatory and/or contractual requirements are being satisfied. Additional back-up documentation is available to demonstrate the specific programs being offered and advertised at the property, including monthly newsletters, calendar of events, program and outreach flyers. Reports and documentation can be provided to owners and/or auditing agents, as requested.

Financial Summary and Funding Sources

| | |
|-------------------------------|-----------------|
| Resident Services Coordinator | \$44,100 |
| Associate Director | \$5,900 |
| Supplies | \$10,000 |
| Total All Expenses | \$60,000 |

The annual services budget from project resources is \$60,000. CHW leverages additional services through provision of in-kind services offered directly by non-profit CHW and/or the community partners at no charge to the residents or the property.

LOCAL AND EXPERIENCED PROPERTY MANAGEMENT

For almost 10 years, Community HousingWorks (CHW) has partnered with an experienced, San Diego-based property management firm, ConAm Management (ConAm) for property management of our affordable communities. ConAm manages all of our senior communities. CHW’s Asset Management department oversees the management company to ensure not only that they meet financial plans and adherence to government regulatory requirements, but also that management is proactive in addressing resident needs of management and maintenance. We are proud of providing our residents “the CHW experience” of safe, healthy, sustainable homes and responsive onsite management.

ConAm Management Corporation is part of The ConAm Group, a multi-disciplined real estate investment and services firm based in San Diego, California. ConAm has become recognized as one of the nation's most astute multifamily property management corporations. ConAm internally evaluates our performance on a consistent basis to ensure meeting the needs of the owners of the communities and the residents served by the housing.

ConAm currently manages a nationwide portfolio of approximately 55,000 apartment units in more than 26 key metropolitan areas. ConAm has established regional offices throughout the country, staffed with talented management professionals who are experts in their local markets and all different types of affordable housing programs. ConAm currently manages nearly 19,000 units with some level of affordability and, in addition, manages a total of 411 PSH units under various programs with 153 units focused on formerly homeless.

| Geography | Total Properties | Total Units | Affordable Properties | Affordable Units |
|---------------------|------------------|-------------|-----------------------|------------------|
| Imperial Valley | 21 | 1539 | 21 | 1539 |
| Central Valley | 20 | 3276 | 11 | 1564 |
| LA / Inland Empire | 75 | 8634 | 55 | 4734 |
| Northern California | 25 | 4611 | 11 | 1643 |
| San Diego | 116 | 11285 | 96 | 7440 |

| SHP Properties | Total | % Total | % Affordable |
|----------------|-------|---------|--------------|
| Totals | 25 | 10% | 13% |

| Service Providers |
|--------------------------------------|
| PATH (People Assisting the Homeless) |
| Interfaith Community Services |
| North County Lifeline |
| Solutions for Change |
| Mental Health Systems |

ConAm is committed to mirroring the philosophies and values of our partners by working together to create policies, procedures and programs that deliver outstanding results in resident outcomes and successful, long-term partnerships. Among the initiatives and projects in which ConAm has participated working hand-in-hand with our client to develop and implement the Rental Housing Stability Program (RHSP), an eviction prevention program that has been used as a model throughout the country via the NeighborWorks network

of organizations and has helped to prevent eviction and keep nearly 100 households housed. Additionally, a Credit Strengthening Initiative has been introduced. This initiative allows residents to pay rent on-line and, in doing so, reports those rent payments to credit bureaus and assists the residents in building positive credit histories. This program does not report negative credit information – so, in the event a household falls behind or cannot meet their commitments; they are not harmed by the program.

ConAm has consistently embraced the core values of caring for residents and working to ensure successful outcomes for all stakeholders. ConAm has consistently joined our partners in attending City Council meetings and working with various apartment associations to show a united front for the need for affordable housing all while working with multiple agencies to ensure the most effective service is provided at the communities. ConAm and CHW are in frequent communication, work together to solve problems that arise and work hand-in-hand for the betterment of the residents who live within the communities we serve.

Property management of a tax credit project is closely monitored by state and local regulators for compliance. ConAm is familiar with the necessary reporting requirements and maintains annual compliance. ConAm brings both the sophistication of a state-wide firm that is well respected by state regulators, but also a *local* company that knows our properties. Onsite property managers have the same experience of growing up in the San Diego region as the residents, and understand the heritage of each of our communities. Like CHW, ConAm is local and is embedded in the history and culture of San Diego, and is a true partner of CHW.

ConAm currently manages a total of 8 properties and 271 units with project-based vouchers, of which 4 properties and 77 units are designated with non-PSH project-based vouchers. It is a focus of ConAm's to hire and train qualified staff, put in-place goals surrounding processing files in an expedient manner and to work closely with various PHA's to process PBV files effectively and efficiently.

RESIDENT FOCUSED MANAGEMENT

CHW Asset Management has established specific processes and procedures to assure that the mission of CHW is understood and adhered to by the onsite management. Following are some of the protocols that ensure creation of a more engaged community:

- Weekly meetings- property managers and CHW community building (resident service) coordinators meet weekly to check-in and make sure that there is an exchange of information in order to address any community concerns. They would meet immediately with any issue requiring such quick response;
- Monthly resident meetings- property managers and community building coordinators work together on agenda items based on community inquiry and interests;
- Monthly business meetings- ConAm management meets monthly in-person with CHW Asset Management and CHW Achieve (i.e., our resident services department) to discuss and follow up on initiatives, policies and procedures and review any updates to regulatory requirements;
- Quarterly training- Asset management, in conjunction with property management and Achieve, holds quarterly training with all onsite staff to review topics such as emergency preparedness, program successes, communication and progress on initiatives; and,
- New resident orientation/presentation- when a resident is approved for moving into our communities, the property manager and resident services coordinator work together to provide an orientation of the amenities and services available to the new resident.

As ConAm works closely with CHW in our affordable communities, they are sensitive to the unique needs of residents in affordable apartments, and share the day-to-day delivery of our nonprofit mission as stewards for our residents. One example is the Rental Home Stability Program, discussed above. ConAm was an integral partner with CHW in creating our nationally recognized program. The property manager is the first line who refers a resident to resident services if the resident has missed rent payments or is consistently late in payment. As enumerated in the attached flow chart of the program, CHW resident services Financial Coaches then meet with the resident to review budget and find opportunities to connect with resources that can help the resident. This is especially important with seniors, who may have had health challenges, medical bills, or cognitive issues that are affecting their ability to pay rent on-time. The financial coach periodically follows-up with the resident and community manager to make sure that the resident continues on the right course to pay their rent on time; the interaction with CHW as the resident services provider will assure that the resident is connected with resources to ensure their continued financial and health sustainability, so they maintain their independence and lead productive lives.

Other property management-partnered initiatives of CHW and ConAm address best practices for stewardship of the senior community including the following:

- Integrated Pest Management Program (IPM) - CHW's entire San Diego County portfolio is under a comprehensive pest management program with Orkin Pest Control. The program uses less invasive and harmful chemicals to treat and prevent pests, thereby ensuring that the properties are still free of pests, but sustainable and healthy for residents;
- Resident Grievance Policy- inevitably, residents have disagreements with one another. Our onsite staff are trained to listen and write incident reports, as necessary, but not to get involved in resident matters. Instead, property managers refer residents to the established grievance policy which involves connecting with a mediator to help neighbors sort through their issues if needed; and,
- Crime-Free Multi-Housing Certification- all properties in cities that have a crime free multi-housing program participate in that city's Program in order to ensure that resident safety is a priority for the community.

ConAm employs a very experienced regional maintenance team with exceptional local vendor contacts to assist onsite maintenance associates with questions, emergencies and maintenance repairs. CHW and ConAm maintain open communication, meet frequently, and visit our communities regularly in order to provide residents with, not only a home, but a community of which they are proud to be a part.

Community HousingWorks

KEY PERSONNEL

Community HousingWorks' (CHW) success is in its team. With over 30 years of combined private sector development experience and over 50 years of affordable housing finance, development and operations experience, our team of professionals delivers unparalleled expertise in project management, finance, site acquisition, entitlements and asset management. Our team adds tremendous value and vision to the industry while offering deep financial experience working with local and state housing programs, federal low-income housing tax credits, tax-exempt bonds both public and private offerings, and the laying of HUD program financing and regulatory agreements.

Susan M. Reynolds

President & CEO

Sue Reynolds has led Community HousingWorks as President and CEO since 1997. Under her leadership, the organization has become a nationally-recognized and path-breaking multifamily developer, a leader in sustainable building development and operations, and an innovator in community-based programs. Since 1997, CHW has increased its operating budget and the number of apartments it has developed by a factor of nine; initiated after-school, financial education and leadership training programs that have reached thousands; and expanded from its San Diego origins to develop and operate affordable communities across California.



Sue Reynolds' broad housing experience began thirty-five years ago in tenant and community programs. Since then she has administered government housing programs, developed and advocated for affordable housing policies, and written community plans. At the California Housing Partnership Corporation, she provided financial consulting for tax credit and HUD preservation projects and created the curriculum for the California-wide LISC training program for nonprofit housing developers that is still in use today. She serves on multiple boards and advisory bodies, including California Rural Housing Coalition, the Center for Policy Initiatives, the National Housing Trust, the national NeighborWorks Real Estate Advisory Committee, and Price Charities. Ms. Reynolds was a founder and long-time board member of San Diego's nonprofit housing coalition, the San Diego Housing Federation.

Sue Reynolds received her Bachelor of Arts from Ohio State University, and a Masters in Urban Planning from Columbia University.

KEY PERSONNEL

Brian Kay

Chief Financial Officer

Mr. Kay is a Certified Public Accountant with over 15 years of combined public and private accounting and finance experience. He has brought leadership and cross-department expertise to the CFO office with a proven ability to drive multi-functional teams to results. Mr. Kay has raised capital and managed the performance of an internal board-designated quick-strike \$24 million real estate predevelopment and acquisition fund comprised of debt and equity components. He regularly assesses and mitigates for organizational and financial risk across the organization including tax, legal, regulatory, and structural. Before joining CHW in 2012, his career highlights include leadership positions within several diverse San Diego companies. Most recently with Five Point Capital, Inc., he completed a loss to profit turnaround story culminating in an owner-acquisition. He also led the financial aspect of Anonymizer, Inc.'s sell-side transaction to Abraxas Corporation at a multiple of 16.5x's EBITDA. While at Provide Commerce (formerly Proflowers), he managed growth from start-up to over \$100 million annual sales and played a key role in the company's successful initial public offering (IPO). Mr. Kay holds a Bachelor of Arts in Economics and Business from Westmont College in Santa Barbara, CA.



Jim Kelly

Chief Operating Officer

Jim Kelly has been innovating side by side with all members of organizational staff to drive Operational Excellence, since his early leadership position in an Irvine lending company created an industry standard documentation process over 25 years ago. Football and college took him to Kansas, and a passion for leading continuous growth and development, and for CHW's mission are bringing him back to southern California.



Jim has experience in marketing and creating quality improvements across every kind of company: including serving as district sales leader for Coca Cola Enterprises, recruiting vocational training candidates for a state training program, and leading marketing, operations and then the whole enterprise as COO at an international manufacturing firm. For seven years prior to joining the CHW team, Jim was a performance coach and interim leader for many kinds of businesses and roles, including serving in a leadership role at the local Rescue Mission as Director of Operations.

KEY PERSONNEL

Mary Jane Jagodzinski

Senior Vice President, Housing & Real Estate Development

Ms. Jagodzinski joined Community HousingWorks in 2003, following 15 years in commercial development and consulting. At CHW, Ms. Jagodzinski leads a 16 person department of development and acquisition. Her projects have been nationally recognized for innovation in design, sustainability and HUD finance, including: SOLARA, a sustainable near net zero community which received a ULI Award of Excellence – The Americas; and, developments with complex HUD finance, one of which received a Novogradac Journal of Tax Credits Award for Innovative HUD Finance. Prior to CHW, Ms. Jagodzinski's experience included: regional head of a national developer's commercial development group where, in joint ventures with an institutional investor she developed over 500,000 sf of retail, office, hotel and mixed-use projects; Vice President of a national engineering/environmental firm providing advisory services to investment/commercial banks and the GSE's; and, entitlement consultant for several large master plan developments. Previously, she held senior positions with the State of California, including: Executive Director of the California Debt Limit Allocation Committee (CDLAC); and, Principal at Assembly Ways and Means Committee, as committee expert in taxes, bonds and housing.



Mary Jane Jagodzinski received her Bachelor of Arts (Economics, Honors) from CSU Sacramento, and her Master in Business Administration from the Harvard Graduate School of Business Administration. She served on the Board of Directors of the San Diego Housing Federation (past President, 2014-16), and has served as an invited member of the CEC's Affordable Housing Advisory Committee for the New Solar Homes Partnership.

Sylvia Martínez

Vice President of Forward Planning

Sylvia Martinez joined CHW in 2011, with over 20 years of experience in housing and community development throughout California. She has directed the development of over 1,000 affordable units. Her developments have achieved national recognition in sustainable affordable housing, such as USGBC LEED Project of the Year, and Affordable Housing Finance Project of the Year. At CHW, Ms. Martinez completed numerous innovative, service-enriched, and sustainable projects as a Senior Project Manager, including the first LGBT-affirming, transit-oriented development in San Diego. In her role as Vice President of Forward Planning, Ms. Martinez directs CHW's acquisition strategy, and structures financing and sites for new developments throughout the state. Ms. Martinez represents CHW on the Board of the San Diego Housing Federation and is a frequent speaker and presenter on affordable housing throughout California.



Sylvia Martinez received her bachelor's degree from Stanford University, and holds a Master's in Public Policy and Urban & Regional Planning from the Woodrow Wilson School of Public and International Affairs at Princeton University. She is also a LEED Associated Professional.

KEY PERSONNEL

Kelly Modén

Vice President of Development

Ms. Modén is a seasoned real estate development and construction professional with over 18-years in the industry. She joined Community HousingWorks in 2019, reporting to the Senior Vice President of Development, and leads the project development team ensuring on-time on-budget delivery of all CHW ground-up and rehabilitation projects.



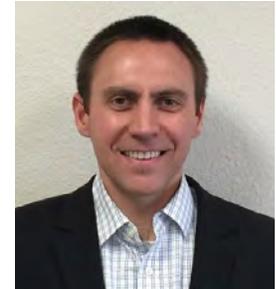
Prior to CHW, Ms. Modén managed over \$500 million of multifamily and commercial development or rehabilitation projects, negotiated leases in excess of \$30 million of additional annual revenue including ground leases, and transacted over \$75 million in acquisitions. She had led complex entitlement efforts including Site Development Permits, Coastal Development Permits, Subdivision Maps, and permits with the Army Corps of Engineers, Regional Water Quality Board, and Department of Fish and Wildlife.

Ms. Modén is active in the commercial real estate industry and is a Board Member with NAIOP San Diego and is co-chair of the Legislative Committee and San Diego representative for the State Legislative Committee, and on the Executive Committee. She holds her Bachelor's in Environmental Design with an Architecture Emphasis from the University of Colorado at Boulder, and has pursued continuing education focused on financial analysis, storm water management and the California Environmental Quality Act.

Marc Welk

Director of Project Finance

Marc Welk has over 10 years of experience in affordable housing and community development. As Director of Project Finance, Marc is responsible for the creative financial structuring and for proforma design and review for all CHW projects. Marc reports to the Senior Vice-President, of Housing and Real Estate



Development. Previously as a Project Manager at Community HousingWorks, Marc was responsible for managing all aspects of the affordable housing development process from project conception through construction, lease-up and occupancy. Prior to joining Community HousingWorks in 2015, Marc worked for a for-profit affordable housing developer in Los Angeles. He has experience accessing multiple affordable housing financing programs including Low Income Housing Tax Credits, Tax Exempt Bonds, Housing & Community Investment Department of Los Angeles Affordable Housing Trust Funds, Federal Home Loan Bank Affordable Housing Program, CA Mental Health Services Act, CA Transit Oriented Development and others.

Mr. Welk received his Bachelor of Arts in Urban Planning from the University of Southern California.

KEY PERSONNEL

Lisa Huff

Project Manager

As a Project Manager at Community HousingWorks, Lisa is responsible for managing all aspects of the affordable housing development process from project conception through design, construction, and occupancy, and reports to the Vice President of Development. Lisa has over thirteen years of experience in affordable housing and community development. She joined the team at CHW in 2012 where her work to date has included structuring a HUD 221(d)(4) mortgage, securing project based HAP contracts, and executing competitive 9% and 4% low income housing tax credit projects. Lisa's work on the Azusa Apartments acquisition rehab project in Los Angeles County gained national recognition with awards from Affordable Housing Finance Magazine, The Affordable Housing Tax Credit Coalition, Southern California Association of Non Profit Housing, and Novogradac. Prior to joining Community HousingWorks, Lisa worked for a San Diego-based non-profit affordable housing developer obtaining financing to develop 225 units of affordable and permanent supportive housing. Lisa received her Bachelor of Arts in Political Science from the University of California San Diego. She serves as Co-Chair of the County of San Diego Behavioral Health Services Housing Council.



Rosalind Ross

Project Manager

Rosalind is responsible for all phases of real estate development from pre-development, construction, lease-up, and occupancy. Rosalind joined Community Housing Works in 2017 and reports to the Vice President of Development.

Prior to joining CHW, Rosalind was Sr. Project Manager for a Louisiana-based non-profit affordable housing developer where she managed over \$55 million of real estate development that generated 300 apartments and homeownership units. Rosalind's prior work experience includes asset management for an international commercial real estate investment firm, neighborhood economic development planning for a New York City business improvement district, and corporate finance for an international financial services firm.

Rosalind received a Bachelor of Arts in Economics from Spelman College, a Master of Urban Planning from the Robert F. Wagner Graduate School of Public Service at New York University and Certification in Urban Redevelopment from The University of Pennsylvania. Rosalind is also an alum of the CORO Fellows Program in Public Affairs in San Francisco.



KEY PERSONNEL

Stephen Swiecicki

Acquisitions Manager

Stephen Swiecicki joined Community HousingWorks in 2016 and reports to the Vice President of Forward Planning. As an Acquisitions Manager, he is responsible for identifying and securing multi-family development sites and acquisition/rehabilitation properties. Additionally, he manages the feasibility review process as well as leads the entitlement efforts for new construction developments.



Stephen has more than 17-years of comprehensive multifamily/commercial real estate and financial services experience with principal investment, asset management, and capital markets advisory for real estate operating companies and assets. He has had personal involvement with over \$800 million in multifamily investment, \$425 million of debt closings and has managed portfolios with value in excess of \$2.5 billion. Since joining CHW, he has helped to secure approximately 600 affordable dwelling units to the portfolio including the organization's first ground-up development project outside of San Diego County.

He received his Bachelor of Science degree in Finance from Virginia Polytechnic Institute and State University.

Nhan Ho

Acquisitions Manager

As an Acquisitions Manager, Nhan's responsibilities include sourcing, underwriting, and acquiring affordable housing communities with various financing strategies. This entails establishing financial and market feasibility, physical due diligence, and identifying and securing sources of bridge, construction, and permanent debt. Since joining Community HousingWorks in 2013, Nhan has acquired properties across California, expanding Community HousingWorks' footprint and adding more than 1,300 units. He was also part of the National City Request for Proposal team, underwriting for the acquisition of two senior HUD towers.



In addition to acquiring communities in the marketplace, he is also responsible for portfolio repositioning and dispositions, including the disposition and recapitalization of six properties. Prior to joining Community HousingWorks Nhan worked as an Acquisitions Associate at a private equity firm where he underwrote, bid, and acquired distressed assets portfolios, including commercial, residential, and inventory and as an Asset Manager at a nationally recognized syndicator and developer where he oversaw a nationwide portfolio of LIHTC properties. He received his Bachelors in Economics at San Diego State University and is a licensed real estate agent.

KEY PERSONNEL

Chris Johnston

Vice President, Asset Management

Mr. Johnston joined Community HousingWorks in 2017 as a Senior Asset Manager with approximately 20 years of experience in the affordable housing business. Prior to joining CHW, he worked for nine (9) years at Union Bank as the Co-Director of Asset Management, where he managed a team of asset managers and oversaw a direct portfolio of approximately 40 properties and a portfolio of 35 funds. He was also responsible for all LIHTC dispositions. Mr. Johnston also served as a LIHTC acquisition officer at The Summit Group and as an Investment Manager at Sempra Energy, one of the first corporate investors of affordable housing. At Sempra Energy, he managed a portfolio of over 1,300 properties in 52 funds.

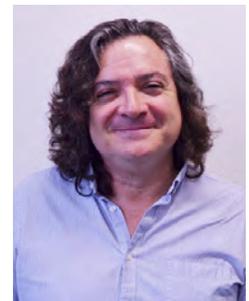


Mr. Johnston earned his Bachelor of Arts in Urban Studies at UC San Diego and a Master's degree in City Planning from Georgia Institute of Technology.

Jorge Riquelme

Senior Vice President, Achieve Programs

Mr. Riquelme leads the transformative programs that open up opportunities for CHW residents to achieve their dreams. He has been a leader in the non-profit community for over a decade both nationally and internationally. He joined CHW after a month-long, 500-mile walk in northern Spain. The experience of *El Camino de Santiago* gave Mr. Riquelme a different perspective about life: "Life looks very different at four kilometers per hour." That phrase represents his insight on the importance of community, friendship, and the connections we all have with one another. He is excited to bring this perspective to our communities. Mr. Riquelme's prior experience also includes leading civil society projects in South America and college teaching.



Mr. Riquelme has a Bachelor of Arts in Sociology from the University of California at San Diego, and holds a Masters in Sociology from State University of New York at Binghamton.

26. Insurance Certificate



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

7/27/2020

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

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

| PRODUCER Arthur J. Gallagher & Co Insurance Brokers of CA Inc LIC #0726293 1255 Battery Street #450 San Francisco CA 94111 | CONTACT NAME: Raquel Reyes Raya PHONE (A/C No. Ext): 415-536-8549 E-MAIL ADDRESS: Raquel_reyes-raya@ajg.com | | FAX (A/C, No): 415-536-8499 | | | | | | | | | | | | | |
|---|---|--|------------------------------------|-------------------------------|--------|--|-------|---|-------|---|-------|--|-------|--|-------|-------------|
| | <table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A : Philadelphia Indemnity Insurance Company</td> <td>18058</td> </tr> <tr> <td>INSURER B : State Compensation Insurance Fund of CA</td> <td>35076</td> </tr> <tr> <td>INSURER C : Zurich American Insurance Company</td> <td>16535</td> </tr> <tr> <td>INSURER D : Arch Specialty Insurance Company</td> <td>21199</td> </tr> <tr> <td>INSURER E : XL Insurance America, Inc.</td> <td>24554</td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </tbody> </table> | | | INSURER(S) AFFORDING COVERAGE | NAIC # | INSURER A : Philadelphia Indemnity Insurance Company | 18058 | INSURER B : State Compensation Insurance Fund of CA | 35076 | INSURER C : Zurich American Insurance Company | 16535 | INSURER D : Arch Specialty Insurance Company | 21199 | INSURER E : XL Insurance America, Inc. | 24554 | INSURER F : |
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| INSURER F : | | | | | | | | | | | | | | | | |
| INSURED COMMUNITY HOUSINGWORKS 3111 Camino Del Rio N Ste 800 San Diego, CA 92108 | COMMHOU-04 | | | | | | | | | | | | | | | |

COVERAGES

CERTIFICATE NUMBER: 114730089

REVISION NUMBER:

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

| INSR LTR | TYPE OF INSURANCE | ADDL INSD | SUBR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS |
|----------|--|-----------|----------|------------------------------------|-------------------------|-------------------------|--|
| A | <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC <input type="checkbox"/> OTHER: | | | PHPK2138836 | 6/1/2020 | 6/1/2021 | EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 20,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 Deductible \$ 0 |
| A | <input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY | | | PHPK2138836 | 6/1/2020 | 6/1/2021 | COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$ |
| A | <input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 10,000 | | | PHUB724401 | 6/1/2020 | 6/1/2021 | EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$ |
| B C | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below | Y/N | N/A | 92549032020 (CA) 934449900 (TX) | 7/1/2020 7/1/2020 | 7/1/2021 7/1/2021 | <input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000 |
| D E | Excess Liability Occurrence | | | UXP103854900 US00068655L120A | 6/25/2020 6/25/2020 | 6/1/2021 6/1/2021 | Each Occurrence \$15,000,000 Aggregate \$15,000,000 |

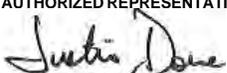
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Excess Liability \$15M Structure:
 Arch Specialty: \$5,000,000 xs Lead \$5M Umbrella
 XL: \$10,000,000 xs \$5,000,000 xs Lead \$5M Umbrella

The Producer will endeavor to mail 30 days written notice to the Certificate Holder named on the certificate if any policy listed on the certificate is cancelled prior to the expiration date. Failure to do so shall impose no obligation or liability of any kind upon the Producer or otherwise alter the policy terms. Terrorism coverage is included.

See Attached...

CERTIFICATE HOLDER**CANCELLATION**

| | |
|---|---|
| Community Housing Capital, Inc., its successors and/or its assigns, ATIMA 402 East Howard Avenue Decatur GA 30030 | SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE  |
|---|---|

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ADDITIONAL REMARKS SCHEDULE

| | | | |
|------------------------------------|-----------|---|--|
| AGENCY Arthur J. Gallagher & Co | | NAMED INSURED COMMUNITY HOUSINGWORKS 3111 Camino Del Rio N Ste 800 San Diego, CA 92108 | |
| POLICY NUMBER | | EFFECTIVE DATE: | |
| CARRIER | NAIC CODE | (Empty) | |

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: 25 **FORM TITLE:** CERTIFICATE OF LIABILITY INSURANCE

RE: 2601-2685 Ulric Street, San Diego, CA 92111 & 2645-2685 Ulric Street, San Diego, CA 92111
 Named Insured Includes: Ulric Street Housing Associates, LP; Linda Vista Housing Associates, LP, Ulric Street Housing Opportunities LLC; CHW Linda Vista LLC

CHW Ulric Street Development, LP is an additional named insured on the policy. Community Housing Capital, Inc. and its successors and assigns shall be named as an additional insured,

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

| |
|--|
| <p>Name Of Additional Insured Person(s) Or Organization(s): Person(s) or organization(s) required to be additional insureds by written contract , as per schedule on file"</p> |
| <p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p> |

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

1. In the performance of your ongoing operations; or
2. In connection with your premises owned by or rented to you.

However:

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

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

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

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

whichever is less.

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

32. Business License

POST IN CONSPICUOUS PLACE OR KEEP ON PERSON

CITY OF SAN DIEGO * CERTIFICATE OF PAYMENT OF BUSINESS TAX



COMMUNITY HOUSINGWORKS
ACCOUNTING DEPT
2815 CAMINO DEL RIO SOUTH S #350
SAN DIEGO CA 92108-3816

Certificate Number: B2004013671
Business Name: COMMUNITY HOUSINGWORKS
Business Owner: COMMUNITY HOUSINGWORKS
Business Address: 2815 CAMINO DEL RIO SOUTH S #350
SAN DIEGO CA 92108-3816
Primary Business Activity: CIVIC & SOCIAL ORGANIZATIONS
Secondary Business Activity:
Effective Date: 01/01/2019
Expiration Date: 12/31/2019

PLEASE NOTIFY THE CITY TREASURER'S OFFICE IN WRITING OF ANY CHANGE IN OWNERSHIP OR ADDRESS - PLEASE SEE REVERSE SIDE FOR ADDITIONAL INFORMATION

BUSINESS FILE COPY

CITY OF SAN DIEGO
CERTIFICATE OF PAYMENT OF BUSINESS TAX
PO BOX 122289, SAN DIEGO, CA 92112-2289
1200 3RD AVENUE, MS 51T, SAN DIEGO, CA 92101
(619) 615-1500; FAX (619) 533-3272
www.sandiego.gov/treasurer

Certificate Number: B2004013671 PIN: TWBA6
Business Name: COMMUNITY HOUSINGWORKS
Business Owner: COMMUNITY HOUSINGWORKS
Business Address: 2815 CAMINO DEL RIO SOUTH S #350
SAN DIEGO CA 92108-3816

Primary Business Activity: CIVIC & SOCIAL ORGANIZATIONS

Secondary Business Activity:

Effective Date: 01/01/2019
Expiration Date: 12/31/2019

Mailing Address: COMMUNITY HOUSINGWORKS
ACCOUNTING DEPT
2815 CAMINO DEL RIO SOUTH S #350
SAN DIEGO CA 92108-3816



COMMUNITY HOUSINGWORKS
2815 CAMINO DEL RIO SOUTH S #350
ACCOUNTING DEPT
SAN DIEGO, CA 92108-3816



This certificate acknowledges payment of business taxes pursuant to the San Diego Municipal Code. This **is not** a License to do business within the City of San Diego in violation of any section of the Municipal Code or regulation adopted by the City Council including, but not limited to: Zoning restrictions; Land Use specifications as defined in Planned Districts, Redevelopment areas, Historical Districts, or Revitalization areas; Business Tax Regulations; Police Department Regulations; and Fire, Health or Sanitation Permits and Regulations.

This document is issued without verification that the payer is subject to or exempt from licensing by the State of California.

Payment of the required tax at the time or times due is for the term and purpose stated and is pursuant to City Ordinance. Please refer to delinquency information under "Notice".

NOTICE: It is the responsibility of the certificate holder to renew this certificate of payment of business tax within the proper time limits. Failure to do so, even if you have not received a renewal notice, will result in the assessment of a penalty. Please note your expiration date on this certificate above. The certificate holder is requested to notify the City Treasurer's Office upon sale or closure of the business, change of location, or change of business activity.

The tax or fees collected are **Not Refundable** unless collected as a direct result of an error by the City of San Diego.

This certificate is NOT transferable for a change in business ownership.

See reverse side.

35. List of Contracts

San Diego Housing Commission – Developer Disclosure Statement

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:

| Project | Address | Total Funds | Purpose |
|-------------------------|---|--------------------|---|
| Ulric Street Apartments | (CHW) 2815 Camino del Rio S., #350 San Diego, CA 92108 | \$7,000,000 | Acquisition, Construction, & Permanent Financing Loan |
| Kalos Apartments | (CHW) 2815 Camino del Rio S., #350 San Diego, CA 92108 | \$6,965,583 | Acquisition, Construction, & Permanent Financing Loan |
| Alabama Manor | (CHW) 2815 Camino del Rio S., #350 San Diego, CA 92108 | \$3,785,075 | Acquisition, Construction, & Permanent Financing Loan |
| Bandar Salam | (CHW) 2815 Camino del Rio S., #350 San Diego, CA 92108 | \$2,100,000 | Acquisition, Construction, & Permanent Financing Loan |
| Las Serenas | (CHW) 2815 Camino del Rio S., #350 San Diego, CA 92108 | \$6,100,000 | Acquisition, Construction, & Permanent Financing Loan |
| Mayberry Townhomes | (CHW) 2815 Camino del Rio S., #350 San Diego, CA 92108 | \$905,648 | Acquisition, Construction, & Permanent Financing Loan |
| North Park Seniors | (CHW) 2815 Camino del Rio S., #350 San Diego, CA 92108 | \$7,000,000 | Acquisition, Construction, & Permanent Financing Loan |

38. Local References

San Diego Housing Commission – Developer Disclosure Statement

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

1. Name: **Sebastian Glowacki, Business Development Officer, US Bank**
Address: **633 W. 5th Street, 29th Floor, Los Angeles, CA 90071**
Phone: **303-585-4230**
Project Name and Description:
**North Park Seniors (New Construction, 76 Units, in San Diego);
Kimball Tower (Rehabilitation, 151 apts., in National City); and
Morgan Tower (Rehabilitation, 152 apts., in National City)**

2. Name: **Amanda Lee, Assistant to the City Manager, City of Vista**
Address: **200 Civic Center Drive, Vista, CA 92084**
Phone: **760-643-5208**
Project Name and Description:
**Paseo Artist Village (New construction, 60 apts., in Vista); and
North Sante Fe Apartments (New Construction, 68 apts., in Vista)**

3. Name: **Carlos Aguirre, Director of the National City Housing Authority**
Address: **140 East 12th Street, National City, CA 91950**
Phone: **619-336-4391**
Project Name and Description:
**Kimball Tower (Rehabilitation, 151 apts., in National City); and
Morgan Tower (Rehabilitation, 152 apts., in National City)**

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 THREE SERIES OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$34,930,321 FOR THE PURPOSE OF FINANCING THE ACQUISITION AND CONSTRUCTION OF A MULTIFAMILY RENTAL HOUSING FACILITY KNOWN AS ULRIC STREET APARTMENTS, AND APPROVING OTHER 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 for the purpose of financing the acquisition, construction, rehabilitation and equipping of multifamily rental housing; and

WHEREAS, Ulric Street Housing Associates, L.P., a California limited partnership (Borrower), has requested that the Authority issue and sell bonds for the purpose of making loans to the Borrower to finance the acquisition and construction by the Borrower of a 96 unit multifamily residential rental housing facility (Project) known as ULRIC Street Apartments, located at 2645-2685 Ulric Street in the City of San Diego (City); and

WHEREAS, the Board of Commissioners of the Authority (Board) desires that a portion of the units in the Project be available for very low and low income persons or families, and in order to accomplish such purpose it is desirable for the Authority to provide for the issuance of revenue bonds to finance costs of the acquisition and construction of the Project; and

WHEREAS, the Authority intends to issue its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-1 (Construction/Permanent) (G-1 Bonds), its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-2 (Construction) (G-2 Bonds), and its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-3 (Taxable) (G-3 Bonds), which G-1 Bonds and G-2 Bonds in an aggregate amount not to exceed \$28,930,321 and which G-3 Bonds in an amount not to exceed \$6,000,000 are expected to be sold to U.S. Bank National Association in a private placement; and

WHEREAS, the Authority will loan the proceeds of the G-1 Bonds, the G-2 Bonds and the G-3 Bonds (Bonds) to the Borrower and the Borrower will use the proceeds of the Bonds to finance costs of the acquisition and construction of the Project and the costs of issuing the Bonds; and

WHEREAS, the City Council of the City, by Resolution No. R-312546, with a date of final passage of July 8, 2019, approved the issuance by the Authority of the G-1 Bonds and the G-2 Bonds in an aggregate principal amount of up to \$32,750,000, after publication of a “TEFRA” notice and the holding on June 25, 2019 of a “TEFRA” hearing, as required by the Internal Revenue Code of 1986, as amended and applicable United States Treasury Regulations (Regulations); and

WHEREAS, the Regulations require that the City Council’s approval of the G-1 Bonds and the G-2 Bonds occur within one year of their issuance, and because the G-1 Bonds and the G-2 Bonds will be issued more than one year after the City Council’s approval of their issuance, the issuance by the Authority of the G-1 Bonds and the G-2 Bonds will be contingent upon the City Council holding a new public hearing regarding the financing of the Project and the issuance

of the G-1 Bonds and the G-2 Bonds and approving their issuance following such public hearing (the New TEFRA Proceedings); 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 the authority from CDLAC to issue tax-exempt multifamily housing revenue bonds; and

WHEREAS, on April 14, 2020, CDLAC adopted Resolution No. 20-069 allocating to the Project \$28,930,321 of the State of California 2020 State ceiling for private activity bonds under section 146 of the Internal Revenue Code of 1986 for the G-1 Bonds and the G-2 Bonds; and

WHEREAS, the following documents are presented for consideration;

(1) the proposed form of the Trust Indenture (Indenture), by and between the Authority and The Bank of New York Mellon Trust Company, N.A. (Trustee), as trustee, including the related forms of the Bonds; and

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

(3) the proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (Regulatory Agreement), by and between the Authority and the Borrower; and

(4) the proposed form of the Assignment of Deed of Trust and Related Documents (Assignment), between the Authority and the Trustee; and

WHEREAS, it appears that each of the above-referenced documents is in appropriate form and is an appropriate instrument for the purposes intended; NOW, THEREFORE,

BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the City of San Diego, as follows:

Section 1. Finding and Determination. It is hereby 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 and sale of the Bonds in order to assist persons of very low income and low income within the City in obtaining decent, safe and sanitary housing and to achieve certain other public purposes.

Section 2. Authorization of Bonds. For the purpose of financing the acquisition and construction of the Project, subject to the completion by the City Council of the New TEFRA Proceedings, the Authority hereby approves the issuance of the Bonds in an aggregate principal amount not to exceed \$34,930,321.

The Bonds shall be issued in the respective principal amounts, and shall bear interest and mature as provided in the Indenture; provided that the aggregate principal amount of the G-1 Bonds and the G-2 Bonds shall not exceed \$28,930,321, and the principal amount of the G-3 Bonds shall not exceed \$6,000,000. The Bonds shall be in substantially the form set forth in the Indenture, with such appropriate variations, omissions, insertions and provisions as are required or permitted by the Indenture. The Bonds shall be special, limited obligations of the Authority and shall be payable as to principal and interest, and the obligations of the Authority under the Indenture shall be paid and satisfied, solely from the revenues, receipts and other moneys and assets pledged therefor under the Indenture.

Section 3. Execution and Delivery of the Bonds. Each series of the Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chairman of the Authority (Chairman), the Vice Chairman of the Authority (Vice Chairman), the Executive Director of the Authority (Executive Director), the Senior Vice President of Real Estate Finance and Portfolio Management (Senior Vice President) of the San Diego Housing Commission

(Housing Commission), the Vice President of Multifamily Housing Finance of the Housing Commission (Senior Director), or the Executive Vice President and Chief of Staff of the Housing Commission (VPCOS), and attested with the manual or facsimile signature of the Secretary or a Deputy Secretary of the Authority.

Section 4. Approval of the Indenture. The Indenture, in the form on file in the Housing Commission offices, is hereby approved. The Chairman, the Vice Chairman, the Executive Director, the Senior Vice President, the Senior Director, the VPCOS and the Deputy Secretary of the Authority, or the designee of any such officer (such officers and any of his or her respective designees are hereinafter referred to as the Designated Officers) are each hereby authorized to execute and deliver the Indenture in such form, together with such changes as may be approved by the Designated Officer executing the same, upon consultation with the General Counsel to the Authority, such execution thereof to constitute conclusive evidence of the approval of all changes from the form of the Indenture approved at this meeting.

Section 5. Approval of Loan Agreement. The Loan Agreement, in the form on file in the Housing Commission offices, is hereby approved. The Designated Officers are each hereby authorized to execute and deliver the Loan Agreement in such form, together with such changes as may be approved by the Designated Officer executing the same, upon consultation with the General Counsel to the Authority, such execution thereof to constitute conclusive evidence of the approval of all changes from the form of the Loan Agreement approved at this meeting.

Section 6. Approval of Regulatory Agreement. The Regulatory Agreement, in the form on file in the Housing Commission offices, is hereby approved. The Designated Officers are each hereby authorized to execute and deliver the Regulatory Agreement in such form, together with such changes as may be approved by the Designated Officer executing the same, upon

consultation with the General Counsel to the Authority, such execution thereof to constitute conclusive evidence of the approval of all changes from the form of the Regulatory Agreement approved at this meeting.

Section 7. Approval of Assignment. The Assignment, in the form on file in the Housing Commission offices, is hereby approved. The Designated Officers are each hereby authorized to executed and deliver the Assignment in such form, together with such changes as may be approved by the Designated Officer executing the same, upon consultation with the General Counsel to the Authority, such execution thereof to constitute conclusive evidence of the approval of all changes from the form of the Assignment approved at this meeting.

Section 8. Environmental Determination. On August 8, 2019 the City conducted a review of the Project and determined that the Project can be submitted ministerially and does not require a California Environmental Quality Act (CEQA) review because it is not a project per CEQA. Federal funds constitute a portion of the funding for the Project. A final reservation of HOME funds occurred upon satisfactory completion of the environmental review and receipt by the City of an Authorization to Release Grant Funds from the U.S. Department of Housing and Urban Development on January 26, 2019, under 24 CFR Part 58 of the National Environmental Policy Act (NEPA).

Section 9. Actions Ratified and Authorized. All actions heretofore taken by the officers, employees and agents of the Authority with respect to the issuance and sale of the Bonds are hereby approved, confirmed and ratified, and the Designated Officers are each hereby authorized, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements (including a tax agreement or no arbitrage certificate) and other documents, including but not limited to those

described in any of the documents approved by this Resolution, 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 loans pursuant to the Loan Agreement in accordance with the Act and this Resolution.

Section 10. Further Consents, Approvals and Other Actions. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution or otherwise appropriate in the administration of the Bonds and the lending program financed thereby, 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 substitution of security for any series of the Bonds, or any redemption of the Bonds may be taken or given by any of the Designated Officers, without further authorization by the Board, and the Designated Officers are hereby 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 11. Conflicting Resolutions Repealed. All resolutions or parts thereto in conflict with this Resolution are, to the extent of such conflict, hereby repealed.

Section 12. 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 13. Effective Date. This Resolution shall take effect immediately upon its adoption.

APPROVED: MARA W. ELLIOT, General Counsel

By _____
Marguerite E. Middaugh
Deputy General Counsel

MEM:jdf
09/08/2020
Or.Dept: Housing Authority
Doc. No.: 2471369
Companion to R-2021-105

TRUST INDENTURE

between the

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

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee**

Dated as of October 1, 2020

Relating to:

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-1 (Construction/Permanent),**

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-2 (Construction),**

and

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-3 (Taxable)**

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TRUST INDENTURE

This Trust Indenture, dated as of October 1, 2020 (this “Indenture”), is entered into by HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a public body, corporate and politic, organized and existing under the laws of the State of California (together with its successors and assigns, the “Issuer”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, in its capacity as trustee (together with any successor trustee or co-trustee appointed hereunder, the “Trustee”).

RECITALS:

WHEREAS, the Issuer is empowered pursuant to the provisions of Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code, as amended (the “Act”), to issue revenue bonds to provide financing for the acquisition, construction and rehabilitation of residential housing to be occupied by persons and families of low income; and

WHEREAS, by proceedings adopted pursuant to and in accordance with the provisions of the Act and to finance a portion of the costs of the acquisition and construction of multifamily rental housing facilities known as the ULRIC Street Apartments located in San Diego, California (the “Project”), the Issuer has authorized the issuance of its Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-1 (Construction/Permanent) in the principal amount of \$_____ (the “Series G-1 Bonds”), its Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-2 (Construction) in the principal amount of \$_____ (the Series G-2 Bonds”), and its Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-3 (Taxable) in the principal amount of \$_____ (the “Series 2020G-3 Bonds,” and together with the Series 2020G-1 Bonds and the Series 2020G-2 Bonds, the “Bonds”); and

WHEREAS, pursuant to a Loan Agreement, dated as of October 1, 2020 (as more particularly defined herein, the “Loan Agreement”), between the Issuer and Ulric Street Housing Associates, L.P., a California limited partnership (the “Borrower”), the Issuer has agreed to issue the Bonds and lend the proceeds thereof to the Borrower in three loans comprised of a tax-exempt construction loan in the amount of \$_____ (the “Tax-Exempt Construction Loan”), a taxable construction loan in the amount of \$_____ (the “Taxable Construction Loan,” and together with the Tax-Exempt Construction Loan, the “Construction Loan”), and a tax-exempt convertible term loan in the amount of \$_____ (the “Convertible Term Loan,” and together with the Construction Loan, 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, premium, if any, 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, the Borrower has delivered to the Issuer its promissory note dated October __, 2020 in an aggregate original principal amount equal to the principal amount of the Series 2020G-1 Bonds (as the same may be amended, supplemented, replaced or modified from time to time, the “Convertible Term Note”) and the Convertible Term Note evidences the Borrower’s obligation to repay the Convertible Term Loan; and

WHEREAS, the Borrower has delivered to the Issuer its promissory note dated October __, 2020 in an aggregate original principal amount equal to the principal amount of the Series 2020G-2 Bonds (as the same may be amended, supplemented, replaced or modified from time

to time, the “Tax-Exempt Construction Note”) and the Tax-Exempt Construction Note evidences the Borrower’s obligation to repay the Tax-Exempt Construction Loan; and

WHEREAS, the Borrower has delivered to the Issuer its promissory note dated October __, 2020 in an aggregate original principal amount equal to the principal amount of the Series 2020G-3 Bonds (as the same may be amended, supplemented, replaced or modified from time to time, the “Taxable Construction Note” and, together with the Tax-Exempt Construction Note and the Convertible Term Note, the “Notes”), and the Taxable Construction Note evidences the Borrower’s obligation to repay the Taxable Construction Loan; and

WHEREAS, the Issuer has made the Loans to the Borrower, subject to the terms and conditions of the Loan Agreement and this Indenture; and

WHEREAS, the obligations of the Borrower under the Loan Agreement and the Notes will be secured by, among other things, the Collateral (as hereinafter defined).

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and the mutual promises, representations and agreements herein contained, and for other consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

The Issuer, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Bondholder (as hereinafter defined), and of other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, and to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds according to their tenor and effect, and to secure the performance and observance by the Issuer of all the covenants, agreements and conditions herein and in the Bonds contained, does hereby transfer, pledge and assign, without recourse, to the Trustee and its successors and assigns in trust forever, and does hereby grant a security interest unto the Trustee and its successors in trust and its assigns, in and to all and singular the property described in paragraphs (a), (b), (c) and (d) below (said property being herein referred to as the “Trust Estate”), to wit;

(a) All right, title and interest of the Issuer in, to and under the Loan Agreement (except the Unassigned Issuer’s Rights (as hereinafter defined)) and the Notes, including, without limitation, all rents, revenues and receipts derived by the Issuer from the Borrower relating to the Project and including, without limitation, all Pledged Revenues, Loan Payments and Additional Payments (as such terms are hereinafter defined) derived by the Issuer under and pursuant to, and subject to the provisions of, the Loan Agreement (except the Additional Payments to be made to parties other than the Bondholder, and except the Unassigned Issuer’s Rights); provided that the pledge and assignment made hereunder shall not impair or diminish the obligations of the Issuer under the provisions of the Loan Agreement;

(b) All right, title and interest of the Issuer in, to and under, together with all rights, remedies, privileges and options pertaining to, this Indenture and the Loan Agreement and all amendments, modifications, renewals and substitutions of either of the foregoing, and all other payments, revenues and receipts derived by the Issuer under and pursuant to, and subject to the provisions of, the Bond Documents, except the Additional Payments to be made to parties other than the Bondholder, and except for the Unassigned Issuer’s Rights;

(c) All moneys and investments from time to time on deposit in, or forming a part of, all funds and accounts created and held by the Trustee hereunder (but excluding the Expense Fund and the Rebate Fund (as such terms are hereinafter defined)), subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein;

(d) All the Issuer's rights, title, interest and privileges in all property mortgaged, pledged and assigned under the Mortgage to secure the Bonds, all amounts payable under any guaranty and any and all other property of every name and nature which may from time to time hereafter by delivery or by writing of any kind be subjected to the lien hereof by the Issuer or with its written consent, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same as additional security hereunder subject to the terms hereof;

(e) Any and all other real or personal property of every kind and nature or description, which may from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien of this Indenture as additional security by the Issuer or anyone on its behalf or with its consent, or which pursuant to any of the provisions hereof or of the Loan Agreement may come into the possession or control of the Trustee or a receiver appointed pursuant to this Indenture; and the Trustee is hereby authorized to receive any and all such property as and for additional security for the Bonds and to hold and apply all such property subject to the terms hereof; and

(f) All earnings derived from the investment of any of the foregoing sums (excluding earnings on investments held in the Expense Fund and the Rebate Fund);

TO HAVE AND TO HOLD, all and singular, the Trust Estate with all rights and privileges hereby transferred, pledged, assigned and/or granted or agreed or intended so to be, to the Trustee and its successors and assigns in trust forever;

IN TRUST NEVERTHELESS, upon the terms and conditions herein set forth for the security and protection of the Bondholder;

PROVIDED, HOWEVER, that if the Issuer shall well and truly pay or cause to be paid the principal of and premium, if any, on the Bonds with interest, according to the provisions set forth in the Bonds, or shall provide for the payment or redemption of the Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions of Article XII (it being understood that any payment with respect to the principal of or interest on the Bonds made by the Borrower shall not be deemed payment or provision for the payment of the principal of or interest on the Bonds, except Bonds purchased and canceled by the Trustee, all such uncanceled Bonds to remain Outstanding and the principal of and interest thereon payable to the Bondholder), and shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then these presents and the estate and rights hereby granted shall cease, terminate and become void, and thereupon the Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Issuer and upon the payment by the Borrower of the cost and expenses thereof; shall duly execute, acknowledge and deliver to the Issuer such instruments of satisfaction or release as may be necessary or proper to discharge this Indenture of record, and if necessary shall grant, reassign and deliver to the Issuer all and singular the property, rights, privileges and interests to it hereby granted, conveyed and assigned, and all substitutes therefore, or any part thereof, not previously disposed of or released as herein provided; otherwise this Indenture shall be and remain in full force; and

THIS INDENTURE FURTHER WITNESSETH, and it is hereby expressly declared, covenanted and agreed by and between the parties hereto, that the Bonds issued and secured hereunder are to be issued, authenticated and delivered and that all the Trust Estate is to be held and applied under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer does hereby agree and covenant with the Trustee, for the benefit of the Bondholder, as set forth in this Indenture.

ARTICLE I

DEFINITIONS; PROVISIONS OF GENERAL APPLICATION

Section 1.01. Definitions. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise clearly requires:

(a) Capitalized terms not otherwise defined herein have the meanings ascribed thereto in this Section 1.01.

(b) The terms "herein, "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision. The terms "agree" and "agreements" contained herein are intended to include and mean "covenant" and "covenants."

(c) All references made (i) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (ii) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well. Singular terms shall include the plural as well as the singular, and vice versa.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with the Approved Accounting Method. All references herein to "Approved Accounting Method" refer to such principles as they exist at the date of application thereof.

(e) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(f) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(g) Whenever the term "includes" or "including" is used in this Indenture, such terms mean "includes or including by way of example and not limitation."

(h) The following terms have the meanings set forth below:

"Accredited Investor" means an "accredited investor" as defined in Sections 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act.

"Act" means Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code as now in effect and as it may from time to time hereafter be amended and supplemented.

“Act of Bankruptcy” means the filing of a petition in bankruptcy (or any other commencement of a bankruptcy or similar proceeding) by or against the Borrower, the General Partner or any Guarantor under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect; provided that, in the case of an involuntary proceeding, such proceeding is not dismissed within 90 days after the commencement thereof.

“Actual Debt Service” means, for the applicable period, all scheduled payments due pursuant to the Notes.

“Additional Payments” means the Third Party Fees and other payments payable pursuant to Sections 2.06 and 4.13 of the Loan Agreement.

“Affiliate” means, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person.

“Approved Accounting Method” means generally accepted accounting principles applicable to entities organized as the Borrower in the United States of America as of the date of the applicable financial report, or such other modified accrual or cash basis system of accounting approved by the Bondholder.

“Authorized Amount” means \$ _____, the maximum aggregate principal amount of Bonds authorized to be issued hereunder.

“Authorized Borrower Representative” means all officers of the sole member/manager of the General Partner of the Borrower, and any other person or persons designated to act on behalf of the Borrower by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by an officer of the sole member/manager of the General Partner of the Borrower, which certificate may designate an alternate or alternates.

“Authorized Denomination” means \$250,000 and any integral multiple of \$1.00 in excess thereof; provided, however, that any one Bond may be in a denomination less than \$250,000 in connection with a partial redemption of the Bonds pursuant to Article IV hereof, and one Bond of a series may be in a denomination less than \$250,000 to the extent that it is in the amount of the then outstanding principal amount of the related series of the Bonds.

“Authorized Issuer Representative” means the Chairman of the Issuer, the Vice Chairman of the Issuer, the Executive Director of the Issuer, the Senior Vice President of Real Estate of the San Diego Housing Commission, the Vice President of Real Estate Finance and Program Development 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.

“Bankruptcy Code” means the United States Bankruptcy Reform Act of 1978, as amended from time to time, or any substitute or replacement legislation.

“Bankruptcy Proceeding” has the meaning set forth in Section 3.01 of the Loan Agreement.

“Bonds” has the meaning set forth in the Recitals to this Indenture.

“Bond Counsel” means Quint & Thimmig LLP, or any other attorney or firm of attorneys approved by the Issuer having a national reputation for skill in connection with the authorization and issuance of municipal obligations under Sections 103, 141 and 150 (or any successor provisions) of the Code.

“Bond Documents” means (a) this Indenture, (b) the Bonds, (c) the Regulatory Agreement, (d) the Tax Certificate, (e) the Loan Agreement, and (f) all amendments, modifications, renewals and substitutions of any of the foregoing.

“Bond Fund” means the Bond Fund created pursuant to Section 6.02.

“Bond Payment Obligation” means the obligation of the Issuer to pay the principal, interest and premium, if any, on the Bonds on the terms set forth herein but only from the limited sources pledged hereunder and available therefor.

“Bond Register” means the register maintained by the Trustee pursuant to Section 3.04 on behalf of the Issuer for the registration and transfer of the Bonds.

“Bondholder” means, initially, U.S. Bank National Association, a national banking association, and any other Person in whose name any of the Bonds are registered in the Bond Register.

“Bondholder Fees” means any Late Charges and Loan Fees paid by Borrower under the Loan Agreement.

“Borrower” has the meaning set forth in the Recitals to this Indenture.

“Borrower Controlling Entity” means any general partner, including the General Partner, of the Borrower.

“Borrower Debt” means the unpaid principal of and premium, if any, and interest on the Notes and other amounts payable by the Borrower under the Notes and Sections 2.05, 2.06 and 2.11 of the Loan Agreement.

“Borrower Payment Obligations” means all payment obligations of the Borrower under the Notes, the Loan Agreement, the other Loan Documents and each of the Bond Documents, including, but not limited to, the Loan Payments and the Additional Payments.

“Business Day” means any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required to be closed for business in New York, New York.

“Capital Expenses” means expenses that are required to be capitalized under the Approved Accounting Method.

“Certificate of Authentication” means the Certificate of Authentication attached to the Bonds.

“Certificate of Completion” means the certificate delivered by the Borrower, which contains a certification that the “95% Requirement” referred to in Section 6.07(a) has been satisfied.

“Certificate of the Bondholder” means each and every certificate executed or required to be executed by the Bondholder.

“Closing Date” means October __, 2020, the date of original issuance and delivery of the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collateral” means all of the collateral pledged to Trustee or Bondholder pursuant to the Security Documents.

“Construction and Convertible Term Bond Financing Agreement” means the Construction and Convertible Term Bond Financing Agreement, dated as of October 1, 2020, among the Bondholder, the Borrower and the Trustee, as amended, modified, supplemented or restated from time to time.

“Construction Loan” means, collectively, the Tax-Exempt Construction Loan and the Taxable Construction Loan.

“Control” means, with respect to any Person, either (i) ownership directly or through other entities of more than 50% of all beneficial equity interest in such Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise.

“Convertible Term Loan” means the convertible term loan made by the Issuer to the Borrower from the proceeds of the Series 2020G-1 Bonds pursuant to the Loan Agreement and the Construction and Convertible Term Bond Financing Agreement, in the principal amount of \$_____, as evidenced by the Convertible Term Note.

“Convertible Term Note” means the Convertible Term Note of the Borrower by that name evidencing the Convertible Term Loan.

“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 Bond 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 Bondholder counsel); (b) financial 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.

“Costs of Issuance Fund” means the Costs of Issuance Fund created pursuant to Section 6.02.

“Default” means the occurrence of an event, which, under any Bond Document, would, but for the giving of notice or passage of time, or both, be an Event of Default or Loan Agreement Default.

“Default Rate” means the lesser of five percent (5%) per annum in excess of the Variable Rate, or the maximum lawful rate of interest which may be charged, if any (computed on the basis of a 360-day year, actual days elapsed).

“Depository” means The Depository Trust Company (“DTC”) and its successors and assigns, or any other securities depository designated by the Issuer if DTC is no longer the Depository for the Bonds.

“Determination of Taxability” means (i) a determination by the Commissioner or any District Director of the Internal Revenue Service, (ii) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service, (iii) a determination by any court of competent jurisdiction, or (iv) receipt by the Trustee, at the request of the Bondholder, of an opinion of Bond Counsel, in any such case to the effect that the interest on the Bonds are includable in gross income for federal income tax purposes of the Bondholder or any former Bondholder, other than a Bondholder who is, or a former Bondholder who was, a “substantial user” (as such term is defined in Section 147(a) of the Code) of the Project or a Related Person; provided that no such Determination of Taxability under clause (i), (ii) or (iii) shall be deemed to have occurred (a) unless the Borrower has been afforded the opportunity to participate in contesting such determination, and (b) if the Borrower has elected to participate in contesting such determination in good faith and if the Borrower is proceeding with all applicable dispatch to prosecute such contest until the earlier of (A) a final determination from which no appeal may be taken with respect to such determination, or (B) abandonment of such appeal by the Borrower.

“Disbursed Amount” means, as the context may require (a) the principal portion of the Loans outstanding, (b) the principal portion of the Bonds Outstanding from time to time, as indicated on the Principal Logs attached to the Bonds and in the records of the Trustee, or (c) both.

“Electronic Notice” means notice through telecopy, telegraph, telex, facsimile, transmission, internet, e-mail or other electronic means of communication, capable of making a written record.

“Eligible Funds” means any moneys held by the Trustee in any fund or account hereunder and available, pursuant to the provisions hereof, to be used to pay principal of, premium, if any, or interest on, the Bonds.

“Environmental Laws” has the meaning set forth in the Construction and Convertible Term Bond Financing Agreement.

“Equity Account” means the account of that name established within the Project Fund pursuant to Section 6.02(b) of this Indenture.

“ERISA” means the Employment Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” means all members of a controlled group of corporations and all trades and business (whether or not incorporated) under common control and all other entities which, together with the Borrower, are treated as a single employer under any or all of Section 414(b), (c), (m) or (o) of the Code.

“Event of Default” has the meaning set forth in Section 9.01.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Expense Fund” means the Expense Fund created pursuant to Section 6.02.

“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, the term “Fair Market Value” means the acquisition price in a bona fide, arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is any commingled investment fund in which the Issuer and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the Regulations, the term “investment” will include a “hedge.”

“General Partner” means Ulric Street Housing Opportunities LLC, a California limited liability company, as General Partner of the Borrower, together with its permitted successors and assigns.

“Governmental Authority” means any court, board, agency, commission, office or authority of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise) now or hereafter in existence.

“Government Obligations” means noncallable, nonprepayable (a) direct, general obligations of the United States of America, or (b) any obligations unconditionally guaranteed as to the full and timely payment of all amounts due thereunder by the full faith and credit of the United States of America (including obligations held in book-entry form), but specifically excluding any mutual funds or unit investment trusts invested in such obligations.

“Gross Proceeds” means the aggregate of:

(a) the net amount (after payment of all expenses of issuing the Bonds) of Bond Proceeds received by the Issuer as a result of the sale of the Bonds;

(b) all amounts received by the Issuer as a result of the investment of the Bond Proceeds;

(c) any amounts held in any fund to the extent that the Issuer reasonably expects to use the amounts in such fund to pay any Bond Payment Obligation; and

(d) any securities or obligations pledged by the Issuer or by the Borrower as security for the payment of any Bond Payment Obligation.

“Guarantor” has the meaning set forth in the Construction and Convertible Term Bond Financing Agreement.

“Hazardous Substances” has the meaning set forth in the Construction and Convertible Term Bond Financing Agreement.

“Improvements” means the multifamily housing development to be constructed on the Land.

“Indemnified Party” has the meaning set forth in Section 4.14 of the Loan Agreement.

“Indenture” means this Trust Indenture, dated as of October 1, 2020, between the Issuer and the Trustee, and as may be supplemented, modified, restated or amended by one or more amendments or Supplemental Indentures.

“Independent,” when used with respect to any person, means a person who (a) is in fact independent, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, the Borrower, the Trustee, the Bondholder or any other Person participating in the Bonds financing (a “Financing Participant”) or in any obligor with respect to the Bonds or in any Affiliate of any Financing Participant or of any such obligor, and (c) is not connected with any Financing Participant or any such obligor as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

“Interest Payment Date” means the first calendar day of each month, commencing November 1, 2020, and ceasing on the earlier of the date of payment in full of the Bonds or the Maturity Date of the Series 2020G-1 Bonds. In any case where any Interest Payment Date is not a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day.

“Investment Agreement” means any investment agreement between the Trustee and the provider thereof approved by the Bondholder and the Borrower.

“Investor Letter” means an Investor Letter in the form set forth in Exhibit C hereto.

“Investor Limited Partner” means RSEP Holding, LLC, a Delaware limited liability company and Red Stone Equity Manager, LLC, a Delaware limited liability company, and any successor or assignee permitted under the Loan Agreement or admitted under the terms of the Partnership Agreement and constituting a Permitted Transfer under the Mortgage.

“Issuer” means the Housing Authority of the City of San Diego, a public body corporate and politic, organized and existing under the laws of the State of California, together with its successors and assigns.

“Issuer Authorizing Resolution” means resolution number HA-____ of the Issuer adopted on September 29, 2020 authorizing the issuance of the Bonds and the execution and delivery of the Issuer Documents.

“Issuer’s Fees” means the Issuer’s fees payable on the Closing Date and annually thereafter in accordance with Section 20 of the Regulatory Agreement.

“Land” means the parcel of real property located in the City of San Diego, California, on which the Improvements are located, as more particularly described in the Regulatory Agreement.

“Late Charge” means any amount due and payable as a late charge on overdue payments under any of the Notes, as provided in the Notes and in Section 2.08 of the Loan Agreement.

“Legal Requirements” means statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting all or part of the Project or any property or the construction, use, alteration or operation thereof, whether now or hereafter enacted and in force, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instrument, either of record or known to the Borrower, at any time in force affecting all or part of the Project, including any that may (i) require repairs, modifications or alterations in or to all or part of the Project, or (ii) in any way limit the use and enjoyment thereof.

“Liabilities” has the meaning set forth in Section 4.14 of the Loan Agreement.

“LIBOR Rate” means for each calendar month during the term of this Indenture, the one-month LIBOR Rate quoted by Bondholder from Reuters Screen LIBOR01 Page or any successor thereto designated by Bondholder, which shall be that one-month LIBOR Rate in effect two (2) New York Banking Days prior to the Reprice Date adjusted for any reserve requirement and any subsequent costs arising from a change in government regulations, such rate rounded up to the nearest one-sixteenth percent and such rate to be reset monthly on each Reprice Date. If the initial Advance (as defined in the Construction and Convertible Term Bond Financing Agreement) occurs other than on the Reprice Date, then the initial one-month LIBOR Rate shall be that one-month LIBOR rate quoted by Bondholder two (2) New York Banking Days prior to the date of the initial Advance, which rate plus the percentage described above shall be in effect until the next Reprice Date. Bondholder’s internal records of applicable interest rates shall be determinative in the absence of manifest error.

“Licenses” means all certifications, permits, licenses and approvals, including certificates of completion and occupancy permits required for the legal use, occupancy and operation of the Project.

“Lien” means any interest, or claim thereof; in the Project securing an obligation owed to, or a claim by, any Person other than the owner of the Project, whether such interest is based on common law, statute or contract, including the lien or security interest arising from a deed of trust, mortgage, assignment, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” shall include reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting the Project.

“Loan Agreement” has the meaning set forth in the Recitals to this Indenture, as the same may be supplemented, amended or modified.

“Loan Agreement Default” means any event of default set forth in Section 7.01 of the Loan Agreement. A Loan Agreement Default shall “exist” if a Loan Agreement Default has occurred and is continuing beyond any applicable cure period.

“Loan Documents” means the Loan Agreement, the Notes, the Construction and Convertible Term Bond Financing Agreement, the Regulatory Agreement, the Mortgage, the Deed of Trust Assignment (as defined in the Construction and Convertible Term Bond Financing Agreement), any other “Loan Documents” as defined in the Construction and Convertible Term Bond Financing Agreement, related UCC financing statements, together with all other documents or agreements evidencing or relating to the Loans.

“Loan Fee” means an origination fee equal to 1.00% of the amount of the Loan, which shall be included as a Cost of Issuance and paid to the Bondholder on the Closing Date.

“Loan Payment” means the monthly loan payment payable pursuant to the Notes and Section 2.05 of the Loan Agreement, which payment includes an amount necessary to fund 1/12 of the annual amount of Third Party Fees.

“Loan Payment Date” means the first day of each month, commencing November 1, 2020, or any other date on which a Note is prepaid or paid, whether at the scheduled maturity or upon the redemption or acceleration of the maturity thereof.

“Loans” means, collectively, the Construction Loan and the Convertible Term Loan.

“Maturity Date” means (a) with respect to the Series 2020G-2 Bonds and the Series 2020G-3 Bonds, _____ 1, ____; and (b) with respect to the Series 2020G-1 Bonds, _____ 1, ____.

“Maximum Rate” means the lesser of 12% per annum and the maximum interest rate that may be paid on the Bonds under State law.

“Moody’s” means Moody’s Investors Service, Inc., or its successor.

“Mortgage” has the meaning assigned to the term Deed of Trust in the Construction and Convertible Term Bond Financing Agreement.

“New York Banking Day” means any date (other than a Saturday or Sunday) on which commercial banks are open for business in New York, New York.

“No Adverse Effect Opinion” means, with respect to any action the taking of which requires such an opinion, an Opinion of Counsel from Bond Counsel substantially to the effect that the taking of the action specified therein will not, in and of itself, adversely affect any exclusion of interest on the Bonds from gross income for purposes of federal income taxation (subject to customary qualifications and exceptions).

“Nonpurpose Investment” means any investment property (as defined in Section 148(b) of the Code) that is acquired with the Gross Proceeds and any replacement proceeds of the Bonds and which is not acquired to carry out the governmental purpose of the Bonds.

“Notes” means, collectively, the Convertible Term Note, the Tax-Exempt Construction Note and the Taxable Construction Note.

“Official Body” shall mean any national, federal, state, local or other government or political subdivision or any agency, authority, bureau, central bank, commission, department or instrumentality of either, or any court, tribunal, grand jury or arbitrator, in each case whether foreign or domestic.

“Office of the Trustee” means the office of the Trustee at the address set forth in Section 13.01, or at such other place or places as may be designated by the Trustee from time to time.

“Opinion of Counsel” means a written opinion from an attorney or firm of attorneys, acceptable to the Issuer, the Trustee and the Bondholder, which may be counsel to the Borrower, with experience in the matters to be covered in the opinion.

“Other Charges” means all maintenance charges, impositions other than Taxes, and any other charges, including vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Project, now or hereafter levied or assessed or imposed against the Project or any part thereof.

“Outstanding” or “Outstanding Bonds” means the principal amount of the Bonds paid by the Bondholder to the Trustee hereunder, except:

(a) any portion of the Bonds theretofore canceled or required to be canceled by the Trustee or delivered to the Trustee for cancellation;

(b) any portion of the Bonds which is deemed to have been paid in accordance with this Indenture;

(c) any portion of the Bonds in exchange for or in lieu of which the Bonds have been authenticated and delivered pursuant to this Indenture; and

(d) any portion of the Bonds not tendered when required under the provisions of this Indenture that are deemed tendered.

“Partnership Agreement” means the partnership agreement of the Borrower, as it may be amended from time to time.

“Permitted Liens” has the meaning given such term in the Construction and Convertible Term Bond Financing Agreement.

“Permitted Investments” means, to the extent permitted by applicable law, shares in any money market mutual fund (including those of the Trustee or any of its affiliates) registered under the Investment Company Act of 1940, as amended, that have been rated AAAM by Standard & Poor’s so long as the portfolio of such money market mutual fund is limited to Government Obligations and agreements to repurchase Government Obligations.

“Person” or “person” means any individual, corporation, limited liability company, partnership, joint venture, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

“Plan” means (i) an employee benefit or other plan established or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions and (ii) which is covered by Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code.

“Pledged Revenues” means the amounts pledged hereunder to the payment of the principal of and premium and interest on the Bonds, consisting of the following: (a) all income, revenues, proceeds and other amounts to which the Issuer is entitled and which are held by the Trustee, derived from or in connection with the Project and the Bond Documents, including all Loan Payments due under the Loan Agreement and the Notes, all amounts obtained through the exercise of the remedies provided in the Bond Documents, subject to such rights contained in the Bond Documents upon the occurrence of an Event of Default thereunder, and all receipts of the Trustee credited under the provisions of this Indenture against said amounts payable, (b) moneys held in the funds and accounts established hereunder, together with investment earnings thereon (except any amounts on deposit in the Expense Fund and the Rebate Fund)

and (c) tenant rents and all other moneys (excluding security deposits, but including the earnings thereon).

“Premium” means a premium payable on the Bonds in an amount equal to any premium or prepayment fee payable on the Notes.

“Principal Log” means the principal log in the form attached to each of the Bonds whereupon the Trustee notates the date and amounts funded by Bondholder with respect to the related series of the Bonds from time to time to purchase the Bonds.

“Project” means the Land and Improvements thereon owned by the Borrower.

“Project Costs” means:

(a) costs of architectural and engineering services related to the Project, including, without limitation, the costs of preparation of studies, surveys, reports, tests, plans and specifications;

(b) costs of legal, accounting and other special services related to the Project;

(c) costs and fees incurred in connection with the Loans and the issuance of the Bonds;

(d) fees and charges incurred in connection with applications to federal, state and local governmental agencies for the requisite approval or permits regarding the acquisition, development and construction of the Project;

(e) costs incurred in connection with the acquisition of the site and site preparation for the Project, including any necessary rights-of-way, easements or other interests in real or personal property;

(f) costs incurred in connection with the acquisition, construction, improvement or extension of the buildings, structures and facilities comprising the Project;

(g) costs incurred in connection with the acquisition and installation of any machines, equipment, appliances, fixtures, appurtenances or personal property of any kind or nature (including equipment for cooking, heating and refrigeration) which are to comprise a part of the Project;

(h) premiums for any necessary title insurance which may reasonably be purchased in connection with the Project or the Loans;

(i) interest on the Notes accruing prior to the completion of the acquisition, construction, equipping and installation of the Project; and

(j) other costs and expenses relating to the Project which are incurred for the purpose of providing residential rental property and facilities functionally related and subordinate thereto.

“Qualified Institutional Buyer” means (1) a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act; (2) an entity all of the investors in which are described in (1); or (3) a custodian or trustee exercising power of attorney for a party described in (1) or (2).

“Qualified Project Costs” means Project Costs which constitute land costs or costs for property of a character subject to the allowance for depreciation (excluding specifically working capital and inventory costs); provided, however, that (i) Project Costs paid prior to the Closing Date and for which the Borrower seeks reimbursement from proceeds of the Bonds, shall not be deemed to be Qualified Project Costs unless such costs were paid on or after the date which is not more than 60 days prior to June 25, 2019, do not exceed the original principal amount of the Bonds and are subject to a reimbursement allocation on or before the date which is 18 months after the Project is placed in service (but in no event more than 3 years after payment) or unless such costs constitute preliminary expenditures which do not exceed 20% of the issue price of the Bonds and which were incurred for architectural, engineering, surveying or soil testing or similar costs (other than land acquisition, site preparation or costs incident to commencement of construction) that were incurred prior to commencement of acquisition and construction; (ii) issuance costs incurred relating to the Bonds may not be treated as Qualified Project Costs; (iii) interest during the construction period shall be allocated between Qualified Project Costs and other nonqualified costs and expenses paid from the proceeds of the Bonds; (iv) interest following the construction period shall not constitute a Qualified Project Cost, (v) expenditures paid to the Borrower or a Related Person for work performed or as a profit in connection with the construction of the Project shall not constitute a Qualified Project Cost, (vi) letter of credit fees, municipal bonds insurance premiums and other credit enhancement fees relating to the Bonds or the Loans (including related collateral fees, counsel fees and other expenses) shall not constitute Qualified Project Costs; (vii) Qualified Project Costs shall not include either leasing commissions, costs of advertising for the Project or other costs related to the rental of units in the Project, or management fees for the management and operation of the Project; and (viii) any such costs shall constitute Qualified Project Costs only to the extent such costs are used to finance qualified residential rental property described in Section 142(d) of the Code.

“Rating Agency” means any one and each of Standard & Poor’s, Moody’s and Fitch, Inc. then rating the Bonds or any other nationally recognized statistical rating agency then rating the Bonds at the request of the Borrower or the Bondholder, and which has been approved by the Bondholder.

“Rebate Amount” means, for any given period, the amount determined by the Rebate Analyst to be rebated or paid as a yield reduction payment to the United States of America with respect to the Bonds.

“Rebate Analyst” means any Person, chosen by the Borrower and at the expense of the Borrower, qualified and experienced in the calculation of rebate payments under Section 148 of the Code and compliance with the arbitrage rebate regulations promulgated under the Code, which is engaged for the purpose of determining the amount of required deposits to the Rebate Fund, if any.

“Rebate Analyst’s Fee” means the annual fee of the Rebate Analyst, payable by the Trustee to the Rebate Analyst from the Expense Fund.

“Rebate Fund” means the Rebate Fund created pursuant to Section 6.02.

“Record Date” means the day immediately prior to any Interest Payment Date.

“Redemption Price” means the sum of (a) the Outstanding principal amount of the Bonds to be redeemed, (b) accrued and unpaid interest on the Bonds to be redeemed to the date of redemption, and (c) Premium equal to any applicable premium or prepayment fee payable

pursuant to the related Note or Notes being prepaid in connection with any such mandatory or voluntary prepayment of principal under the related Note or Notes being prepaid (if applicable).

“Redemption Reserve Fund” means the Redemption Reserve Fund created pursuant to Section 6.02.

“Regulations” means with respect to the Code, the relevant regulations and proposed regulations thereunder or any relevant successor provision to such regulations and proposed regulations.

“Regulatory Agreement” means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of October 1, 2020, by and between the Issuer and the Borrower.

“Related Person” means a “related person” within the meaning of Section 147(a) of the Code.

“Reprice Date” means the first day of each month.

“Responsible Officer” means any officer within the Corporate Trust Department (or any successor group) of the Trustee, including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, who is responsible for the administration of this Indenture.

“Securities Act” means the Securities Act of 1933, as amended.

“Security Documents” has the meaning assigned to such term in the Construction and Convertible Term Bond Financing Agreement.

“Series G-1 Bonds” means the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-1 (Construction/Permanent) issued and Outstanding under this Indenture.

“Series G-2 Bonds” means the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-2 (Construction) issued and Outstanding under this Indenture.

“Series G-3 Bonds” means the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-3 (Taxable) issued and Outstanding under this Indenture.

“Standard & Poor’s” means S&P Global Ratings, or its successor.

“State” means the State of California.

“Supplemental Indenture” means a Supplemental Indenture entered into in accordance with and for the purposes set forth in Article XI.

“Tax Certificate” means the Certificate as to Arbitrage (and Tax Compliance Procedures) dated the Closing Date executed by the Issuer and the Borrower, as the same may be amended from time to time.

“Tax-Exempt Construction Loan” means the construction loan made by the Issuer to the Borrower from the proceeds of the Series 2020G-2 Bonds pursuant to the Loan Agreement and the Construction and Convertible Term Bond Financing Agreement, in the principal amount of \$_____, as evidenced by the Tax-Exempt Construction Note.

“Tax-Exempt Construction Note” means the Construction Note (Tax-Exempt) of the Borrower evidencing the Tax-Exempt Construction Loan.

“Tax-Exempt Bonds” means, collectively, the Series 2020G-1 Bonds and the Series 2020G-2 Bonds.

“Taxable Construction Loan” means the construction loan made by the Issuer to the Borrower from the proceeds of the Series 2020G-3 Bonds pursuant to the Loan Agreement and the Construction and Convertible Term Bond Financing Agreement, in the principal amount of \$_____, as evidenced by the Taxable Construction Note.

“Taxable Construction Note” means the Construction Note (Taxable) of the Borrower evidencing the Taxable Construction Loan.

“Taxes” means all real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against all or part of the Project.

“Third-Party Fees” means the Issuer’s Fees, the Trustee’s Fee and the Rebate Analyst’s Fee.

“Trust Estate” has the meaning set forth in the Granting Clauses of this Indenture.

“Trustee’s Fee” means a fee for its counsel of \$1,000.00 due on the Closing Date and the annual administration fee of \$1,250.00 per each outstanding series of the Bonds payable annually in advance on the Closing Date and on each October 1 thereafter (based on each series then outstanding), commencing October 1, 2021.

“UCC” means the Uniform Commercial Code as in effect in the State.

“Unassigned Issuer’s Rights” means the Issuer’s rights to reimbursement and payment of its fees, costs and expenses and the Rebate Amount under Section 2.06 of the Loan Agreement, its rights of access under Section 4.16 thereof, its rights to indemnification under Section 4.14 thereof, its rights to expenses under Section 4.13 thereof, its rights to receive notices, reports and other statements, and its rights to consent to certain matters, as provided in this Indenture and the Loan Agreement.

“Variable Rate” means a rate of interest per annum equal to the sum of the LIBOR Rate in effect on such day, plus 175 basis points.

“Written Certificate,” “Written Certification,” “Written Consent,” “Written Direction,” “Written Notice,” “Written Order,” “Written Registration,” “Written Request,” and “Written Requisition” means a written certificate, direction, notice, order or requisition signed by an Authorized Borrower Representative, an Authorized Issuer Representative or an authorized representative of the Bondholder, and delivered to the Trustee, the Bondholder or such other Person as required under the Bond Documents.

Section 1.02. Ownership of Bonds; Effect of Action by Bondholder.

(a) The ownership of the Bonds shall be proved by the Bond Register.

(b) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Bondholder shall bind every future holder of the Bonds issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon the Bonds.

Section 1.03. Effect of Headings and Table of Contents. The Article and Section headings are for convenience only and shall not affect the construction hereof.

Section 1.04. Date of Indenture. The date of this Indenture is intended as and for a date for the convenient identification of this Indenture and is not intended to indicate that this Indenture was executed and delivered on said date.

Section 1.05. Designation of Time for Performance. Except as otherwise expressly provided herein, any reference in this Indenture to the time of day means the time of day in the city where the Trustee maintains its place of business for the performance of its obligations hereunder.

Section 1.06. Interpretation. The parties hereto acknowledge that each of them and the Bondholder and their respective counsel have participated in the drafting and revision of this Indenture. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Indenture or any amendment or supplement or exhibit hereto or thereto.

ARTICLE II

LIMITED LIABILITY

Section 2.01. Source of Payment of Bonds and Other Obligations; Disclaimer of General Liability. The Bonds are a limited obligation of the Issuer, the principal of, premium, if any, and interest on which are payable solely from the Pledged Revenues or from any other moneys made available to the Issuer for such purpose from the Trust Estate; provided, however, that hereunder, the Issuer has reserved to itself, and has not pledged or assigned, the Unassigned Issuer's Rights.

Section 2.02. Exempt From Individual Liability. No recourse shall be had for the payment of the principal of, or premium, if any, or interest on, the Bonds or for any claim based thereon or upon any obligation, provision, covenant or agreement contained in this Indenture, against any past, present or future Commissioner, officer, official, employee or agent of the Issuer, or any director, officer, official, employee or agent of any successor to the Issuer, as such, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such Commissioner, director, officer, official, employee or agent as such is hereby expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bonds. None of the Commissioners or officers of the Issuer, or any person executing the Bonds shall be personally liable on the Bonds by reason of the issuance thereof.

Section 2.03. Limited Obligation. THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE. NONE OF THE ISSUER, THE CITY OF SAN DIEGO, OR THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH HEREIN), NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER UNDER THE BOND DOCUMENTS EXCEPT AS SET FORTH HEREIN AND IN THE BONDS, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS UNDER THE BOND DOCUMENTS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER.

NO COMMISSIONER, OFFICER, AGENT, EMPLOYEE OR AGENT OF THE ISSUER OR THE CITY OF SAN DIEGO, INCLUDING ANY PERSON EXECUTING THIS INDENTURE, THE LOAN AGREEMENT OR THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THE INDENTURE, AGAINST ANY COMMISSIONER, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE ISSUER OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THE BONDS AND AS PART OF THE CONSIDERATION FOR THE ISSUANCE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

ARTICLE III

THE BONDS

Section 3.01. Terms.

(a) Designation. There is hereby authorized, established and created three series of Bonds of the Issuer designated as the "Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments) Series 2020G-1 (Construction/Permanent)," the "Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-2 (Construction)" and the "Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-3 (Taxable)."

(b) Principal Amount. The total principal amount of the Bonds that may be issued hereunder is hereby expressly limited to the Authorized Amount; and the principal amount of the Series 2020G-1 Bonds is limited to \$_____, the principal amount of the Series 2020G-2 Bonds is limited to \$_____, and the principal amount of the Series 2020G-3 Bonds is limited to \$_____. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article.

(c) Registered Bonds; Numbering; Authorized Denominations. The Bonds shall be issued, sold, assigned, transferred or otherwise disposed of only in Authorized Denominations to Qualified Institutional Buyers, or, with the prior written consent of the Issuer, to Accredited

Investors, except as otherwise allowed by the second paragraph of Section 3.04(e). The Bonds shall be issuable as fully registered bonds without coupons. The Bonds shall be numbered separately in such manner as the Trustee shall determine. Each series of the Bonds shall initially be issued as a single draw down bond with a stated principal amount of the maximum amount of such series set forth in Section 3.01(b); provided, however, that the principal amount due on such series shall be only such amount as has been advanced by the Bondholder as part of the purchase price thereof from time to time pursuant to Section 3.08.

(d) Dated Date; Maturity. The Bonds of each series shall be dated as of the Closing Date and shall mature on the respective Maturity Date for the applicable series of the Bonds.

(e) Interest Rate; Accrual or Accretion of Interest.

(i) The Series 2020G-1 Bonds shall bear interest on the Disbursed Amount of such Bonds at the rate of interest on the Convertible Term Note; and interest on the unpaid principal balance of the Disbursed Amount of the Series 2020G-1 Bonds shall be computed on the basis of a 360-day year, but shall be charged for the actual number of days principal is unpaid. The Series 2020G-2 Bonds shall bear interest on the Disbursed Amount of such Bonds at the rate of interest on the Tax-Exempt Construction Note; and interest on the unpaid principal balance of the Disbursed Amount of the Series 2020G-2 Bonds shall be computed on the basis of a 360-day year, but shall be charged for the actual number of days principal is unpaid. The Series 2020G-3 Bonds shall bear interest on the Disbursed Amount of such Bonds at the rate of interest on the Taxable Construction Note; and interest on the unpaid principal balance of the Disbursed Amount of the Series 2020G-3 Bonds shall be computed on the basis of a 360-day year, but shall be charged for the actual number of days principal is unpaid. The Bondholder shall determine the rate of interest applicable to each series of the Bonds and will notify the Trustee, the Issuer and the Borrower of such rates at least two Business Days prior to each Interest Payment Date. If an Event of Default occurs, interest on the Bonds shall begin to accrue at the Default Rate.

(ii) Any determination of the interest on the Bonds by the Bondholder shall be conclusive absent manifest error. Interest on each series of the Bonds shall be computed by the Bondholder and provided to the Trustee. The Trustee shall not be held liable for any errors in the computation of interest.

(iii) Interest on each Disbursed Amount of any respective series of the Bonds shall accrue from the day the Bondholder advances an installment for the purchase price thereof; provided that interest on the Disbursed Amount of any respective series of the Bonds funded subsequent to the Closing Date shall accrue from the Interest Payment Date next preceding such funding date, unless (A) funded prior to the first Interest Payment Date, in which event interest on such Bonds shall accrue from the Closing Date, or (B) funded on an Interest Payment Date, in which event interest on such Bonds shall accrue from such Interest Payment Date. If, as shown by the records of the Trustee, interest on the Bonds is in default, interest on a Bond issued in exchange for a Bond surrendered for registration of transfer or exchange shall accrue from the date to which interest has been paid in full on the related Bonds, or, if no interest has been paid on the related Bonds, from the Closing Date. The amount of interest payable on the Bonds on each Interest Payment Date shall be the amount of interest accrued thereon from the preceding Interest Payment Date (or other date as described above) to, but not including, the Interest Payment Date on which interest is being paid.

(f) Interest Payments. Interest shall be due and payable on the Bonds, in arrears, on each applicable Interest Payment Date. Priority of Interest Payments shall be provided in Section 6.04(c). In any case where any Interest Payment Date is not a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day and the extension of time shall be included in the computation of interest and fees.

(g) Principal Payments. Principal of each series of the Bonds shall be payable as provided herein on the applicable Maturity Date for such series and upon redemption or acceleration thereof.

(h) Payment of Bond Payment Obligation. Payments of the Bond Payment Obligation shall be made on the applicable Interest Payment Dates to the Bondholder of the respective Bonds as provided herein. The Bond Payment Obligation shall be payable in lawful money of the United States of America by check drawn upon the Trustee and mailed by first-class mail, postage prepaid, on the Interest Payment Date to the person or persons in whose name the respective Bonds are registered in the Bond Register at the close of business on the Record Date, except that if the respective Bondholder so elects, any payment of Bond Payment Obligation due to a Bondholder shall be made by electronic transfer of federal reserve funds to any account in the United States of America designated by the respective Bondholder if the Bondholder, at its expense, (i) so directs by Written Notice delivered to the Trustee at least ten (10) Business Days before the date upon which such electronic transfer or other arrangement is to be made and (ii) otherwise complies with the reasonable requirements of the Trustee. Notwithstanding anything in this Indenture to the contrary, all Bond Payment Obligations shall be made by electronic transfer of federal reserve funds to the Bondholder at the request thereof, if such Bondholder owns 100% of the Bonds without the requirement of surrender under any circumstance.

(i) No Presentation. No presentation or surrender of the Bonds shall be required in connection with any redemption of the Bonds. The Trustee shall maintain a record of the remaining principal amount of each series of the Bonds Outstanding and shall, upon any transfer or exchange, issue the replacement Bonds of the same series in the principal amount then Outstanding.

Section 3.02. Form of Bonds. The Bonds and the certificate of authentication thereof shall be in the form set forth in Exhibit A attached hereto, as applicable, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture. The Bonds may be typewritten, printed, engraved, lithographed or otherwise produced. The Bonds (a) shall not be assigned a rating from a Rating Agency, (b) shall not have been offered pursuant to any type of offering document or official statement, and (c) shall not be assigned a CUSIP number or numbers.

Section 3.03. Execution; Authentication.

(a) The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of any Authorized Issuer Representative, and attested by the manual or facsimile signature of the Secretary or a Deputy Secretary of the Issuer. In case any officer of the Issuer whose signature or whose facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until such delivery, and also the Bonds may be signed by such persons as at the actual time of the execution of the Bonds shall be the proper officers to sign the Bonds although at the date of the Bonds such persons may not have been such officers.

(b) No Bonds shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless there shall be endorsed on such Bonds a certificate of authentication in the form set forth in such Bonds duly executed by the Trustee by the manual signature of an authorized signatory thereof, and such certificate of the Trustee upon any Bonds executed on behalf of the Issuer shall be conclusive evidence that the Bonds so authenticated has been duly issued hereunder and that the Bondholder thereof is entitled to the benefits of this Indenture.

Section 3.04. Registration; Transfer and Exchange.

(a) The Trustee shall maintain the Bond Register, at the Office of the Trustee, in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration of the Bonds and registration of transfers of the Bonds entitled to be registered or transferred as herein provided.

(b) Subject to subsection (e) of this Section, upon the initial issuance of Bonds, upon surrender for transfer of the Bonds at the Office of the Trustee and upon presentation of the Bonds for exchange for the Bonds of other Authorized Denominations, the Issuer shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, a new Bonds of the same series of Authorized Denominations and of like principal amounts.

(c) Any Bonds surrendered upon any exchange or transfer provided for in this Indenture shall be promptly canceled by the Trustee and retained by the Trustee in accordance with its document retention policies.

(d) Any Bonds issued upon any transfer or exchange of a Bond shall be the valid obligation of the Issuer and entitled to the same security and benefits hereunder as the Bonds surrendered upon such transfer or exchange.

(e) Unless the Bonds are rated "A" (or equivalent and without regard to a modifier) or better by a Rating Agency, the Bonds (and any interests therein) shall be sold and subsequently transferred only to purchasers that execute and deliver to the Trustee an Investor Letter in substantially the form attached as Exhibit C. Every Bond presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer.

The Bonds can only be transferred in Authorized Denominations, and only to (A) an entity that is an Qualified Institutional Buyer or to an entity that is an Accredited Investor, or (B) an Affiliate of the Bondholder or a trust or custodial arrangement established by the Bondholder or one of its Affiliates the owners of the beneficial interests in which are required to be Qualified Institutional Buyers.

(f) Nothing contained in this Section 3.04 shall be deemed to limit or otherwise restrict the sale by any Bondholder of any participation interests in any Bonds; provided that the Bondholder selling such interests remains the Bondholder of record of such Bond following the sale of any such participation interests; (B) the purchaser of the participation interests is a Qualified Institutional Buyer; and (C) any such participation shall be in a principal amount of at least an Authorized Denomination. The Bondholder shall provide written notice to the Issuer identifying any person or entity acquiring a participation interest in the Bonds.

(g) No service charge shall be made for any transfer or exchange of the Bonds, but the Issuer or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of the Bonds. Such sums shall be paid in every instance by the transferor or transferee of the Bonds. If

the Bondholder fails to provide a correct taxpayer identification number to the Trustee, the Trustee may impose a charge against such Bondholder sufficient to pay any governmental charge required to be paid as a result of such failure and such amount may be deducted by the Trustee from amounts otherwise payable to such Bondholder hereunder or under the Bonds.

(h) The Trustee shall not be required (i) to transfer or exchange the Bonds during any period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of the Bonds and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange the Bonds so selected for redemption, or (iii) to transfer the Bonds without receipt of a duly executed Investor Letter to the extent required by subsection (e) above.

Section 3.05. Mutilated Destroyed, Lost and Stolen Bonds and Registered Coupons.

(a) If (i) any mutilated Bonds are surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of a Bond, and (ii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee, then, in the absence of notice to the Trustee that such Bonds have been acquired by a bona fide purchaser, the Issuer shall execute and the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bonds, a new Bonds of like series, tenor and principal amount, bearing numbers not then Outstanding.

(b) Upon the issuance of a new Bond under this Section, the Issuer may require the payment by the Bondholder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses connected therewith.

(c) Every replacement Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond shall constitute an original contractual obligation of the Issuer, and shall be entitled to all the security and benefits of this Indenture.

(d) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed lost or stolen Bonds.

Section 3.06. Person Deemed Owner. The Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the person in whose name a Bond is registered as the owner of the Bond for the purpose of receiving payment of the Bond Payment Obligation and for all other purposes whatsoever, whether or not payment on the Bond is overdue, and, to the extent permitted by law, none of the Issuer, the Trustee or any such agent shall be affected by notice to the contrary.

Section 3.07. Cancellation. Any Bonds surrendered for payment, redemption, transfer or exchange shall be promptly canceled and retained by the Trustee in accordance with its document retention policies. No Bonds shall be authenticated in lieu of or in exchange for any Bonds canceled as provided in this Section, except as expressly provided by this Indenture.

Section 3.08. Drawdown Bond Provisions. Upon receipt of a Written Requisition and subject to the terms and conditions hereof and of the Loan Agreement and the Construction and Convertible Term Bond Financing Agreement, the Bondholder shall fund the purchase price of the Bonds from time to time to provide funds for deposit in the Bond Proceeds Account of the Project Fund for the payment of the amounts requested in such Written Requisitions. The amounts advanced by the Bondholder shall be deemed to be Disbursed Amounts of the Series 2020G-1 Bonds until the maximum principal amount of such series of the Bonds has been advanced, Disbursed Amounts of the Series 2020G-2 Bonds until the maximum principal

amount of such series of the Bonds has been advanced, and then Disbursed Amounts of the Series 2020G-3 Bonds.

Amounts funded on the Bonds shall be noted on the applicable Principal Log and acknowledged thereon by the Trustee, provided the Trustee may maintain any Principal Log through its electronic recordkeeping system in lieu of a manual paper copy. Such amounts shall constitute Disbursed Amounts, and shall begin to accrue interest, only upon deposit by the Bondholder of such funds with the Trustee for credit to the Project Fund.

Notwithstanding anything herein to the contrary, the aggregate purchase price of the Bonds of a series funded by the Bondholder shall never exceed the maximum amount for such series in Section 3.01(b), and, in absence of a No Adverse Effect Opinion, no draws may be funded after October 1, 2023. The Issuer hereby elects to apply the alternative option under clause (2) of the first paragraph of Section 3.01 of IRS Notice 2011-63 with respect to the issue date of the Bonds; and, in connection therewith, has directed Bond Counsel to include the information on Form 8038 filed for the Bonds that is required by Section 3.03 of said Notice.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Optional Redemption.

(a) The Series 2020G-1 Bonds may be redeemed in whole or in part on any Business Day upon prepayment of the Convertible Term Note by the Borrower pursuant to Section 2.10 of the Loan Agreement, to the extent permitted under the Construction and Convertible Term Bond Financing Agreement. The Series 2020G-1 Bonds may be redeemed pursuant to this Section 4.01 on any date on which the Convertible Term Note may be prepaid pursuant to its terms at the Redemption Price and upon notice to the Bondholder given by the Trustee in accordance with Section 4.08. No such optional redemption of Series 2020G-1 Bonds shall be permitted unless the Trustee shall have received Eligible Funds in an amount that will be sufficient to pay the Redemption Price of the Series 2020G-1 Bonds not less than one Business Day prior to the date that the Series 2020G-1 Bonds are to be redeemed.

The Series 2020G-2 Bonds may be redeemed in whole or in part on any Business Day upon prepayment of the Tax-Exempt Construction Note by the Borrower pursuant to Section 2.10 of the Loan Agreement, to the extent permitted under the Construction and Convertible Term Bond Financing Agreement. The Series 2020G-2 Bonds may be redeemed pursuant to this Section 4.01 on any date on which the Tax-Exempt Construction Note may be prepaid pursuant to its terms at the Redemption Price and upon notice to the Bondholder given by the Trustee in accordance with Section 4.08. No such optional redemption of Series 2020G-2 Bonds shall be permitted unless the Trustee shall have received Eligible Funds in an amount that will be sufficient to pay the Redemption Price of the Series 2020G-2 Bonds not less than one Business Day prior to the date that the Series 2020G-2 Bonds are to be redeemed.

The Series 2020G-3 Bonds may be redeemed in whole or in part on any Business Day upon prepayment of the Taxable Construction Note by the Borrower pursuant to Section 2.10 of the Loan Agreement, to the extent permitted under the Construction and Convertible Term Bond Financing Agreement. The Series 2020G-3 Bonds may be redeemed pursuant to this Section 4.01 on any date on which the Taxable Construction Note may be prepaid pursuant to its terms at the Redemption Price and upon notice to the Bondholder given by the Trustee in accordance with Section 4.08. No such optional redemption of Series 2020G-3 Bonds shall be permitted unless the Trustee shall have received Eligible Funds in an amount that will be

sufficient to pay the Redemption Price of the Series 2020G-3 Bonds not less than one Business Day prior to the date that the Series 2020G-3 Bonds are to be redeemed.

(b) The Borrower may exercise any of the options in 4.01(a) by giving Written Notice to the Issuer, the Trustee, and the Bondholder, of its election to prepay the respective Note, not less than 20 days prior to the proposed redemption date. Any such notice shall specify the related Note to be prepaid and the date fixed for optional redemption and contain a certification of the Borrower to the effect that all conditions precedent to such optional redemption have been (or will be, as of the optional redemption date) satisfied. The Bondholder shall, not less than 5 days prior to the date set for such optional redemption, deliver a Written Certificate to the Trustee and to the Borrower setting forth the amount of accrued interest that will be due and payable on the Bonds to be redeemed as of the date fixed for optional redemption.

Section 4.02. Redemption From Amounts Transferred From Project Fund or Redemption Reserve Fund.

(a) The Bonds shall be redeemed in whole or in part, in the event and to the extent amounts remaining in the Bond Proceeds Account of the Project Fund are transferred to the Bond Fund pursuant to Section 6.07(e), on the first Interest Payment Date for which notice of redemption can be given in accordance with Section 4.08, at the Redemption Price. Such amount shall be applied to the redemption (i) first, to any Series 2020G-3 Bonds Outstanding, (ii) then to any Series G-2 Bonds Outstanding, and (iii) then to any Series G-1 Bonds Outstanding.

(b) At the Written Direction of the Bondholder specifying the principal amount and the series of Bonds to be redeemed, Bonds of such series shall be redeemed in whole or in part from amounts in the Redemption Reserve Fund on the earliest Business Day for which notice can be given as required by Section 4.08 at the Redemption Price.

Section 4.03. Mandatory Redemption.

(a) The Series 2020G-1 Bonds shall be redeemed in whole or in part at the Written Direction of its Bondholder, upon prepayment of the Convertible Term Note by the Borrower as required by Section 2.11 of the Loan Agreement on the earliest Business Day for which notice can be given in accordance with Section 4.08 at the Redemption Price.

The Series 2020G-2 Bonds shall be redeemed in whole or in part at the Written Direction of its Bondholder, upon prepayment of the Tax-Exempt Construction Note by the Borrower as required by Section 2.11 of the Loan Agreement on the earliest Business Day for which notice can be given in accordance with Section 4.08 at the Redemption Price.

The Series 2020G-3 Bonds shall be redeemed in whole or in part at the Written Direction of its Bondholder, upon prepayment of the Taxable Construction Note by the Borrower as required by Section 2.11 of the Loan Agreement on the earliest Business Day for which notice can be given in accordance with Section 4.08 at the Redemption Price.

(b) The Series 2020G-1 Bonds shall be subject to redemption in whole or in part at a price equal to the principal amount of Series 2020G-1 Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, plus a Premium equal in amount to any premium payable pursuant to the Construction and Convertible Term Bond Financing Agreement in connection with any scheduled principal payment or any mandatory prepayment of the principal of the Convertible Term Note (as required or permitted under the terms of the Construction and Convertible Term Bond Financing Agreement), upon the date of any such

scheduled payment or mandatory or voluntary prepayment of the Convertible Term Note in whole or in part.

The Series 2020G-2 Bonds shall be subject to redemption in whole or in part at a price equal to the principal amount of Series 2020G-2 Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, plus a Premium equal in amount to any premium payable pursuant to the Construction and Convertible Term Bond Financing Agreement in connection with any scheduled principal payment or any mandatory prepayment of the principal of the Tax-Exempt Construction Note (as required or permitted under the terms of the Construction and Convertible Term Bond Financing Agreement), upon the date of any such scheduled payment or mandatory or voluntary prepayment of the Tax-Exempt Construction Note in whole or in part.

The Series 2020G-3 Bonds shall be subject to redemption in whole or in part at a price equal to the principal amount of Series 2020G-3 Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, plus a Premium equal in amount to any premium payable pursuant to the Construction and Convertible Term Bond Financing Agreement in connection with any scheduled principal payment or any mandatory prepayment of the principal of the Taxable Construction Note (as required or permitted under the terms of the Construction and Convertible Term Bond Financing Agreement), upon the date of any such scheduled payment or mandatory or voluntary prepayment of the Taxable Construction Note in whole or in part.

(c) The Series 2020G-1 Bonds shall be subject to redemption in whole on the earlier of (i) its Maturity Date, or (ii) the Maturity Date for the Convertible Term Loan, as "Maturity Date" is defined in the Construction and Convertible Term Bond Financing Agreement, at the Redemption Price of such Bonds.

Section 4.04. Redemption for Loan Agreement Default. The Bonds shall be redeemed in whole or in part upon the acceleration of the Notes pursuant to Section 7.02 of the Loan Agreement and upon Written Direction of the Bondholder, to the Trustee, in the event of the occurrence of a Loan Agreement Default and the expiration of the applicable cure period or notice and cure period, if any, specified therein, on the earliest Business Day for which notice can be given as required by Section 4.08, at the Redemption Price.

Section 4.05. Mandatory Redemption upon Determination of Taxability. The Bonds shall be redeemed in whole upon a Determination of Taxability and upon Written Direction of the Bondholder, on the earliest Business Day for which notice can be given in accordance with Section 4.08, at the Redemption Price.

Section 4.06. Notice of Redemption. Not less than 15 days, nor more than 30 days (or such longer or shorter period as shall be acceptable to the Trustee and the Bondholder), before the redemption date of any Bonds to be redeemed, the Trustee shall cause a notice of any such redemption to be mailed by first-class mail, postage prepaid, to the applicable Bondholder (with a copy to the Borrower, the Investor Limited Partner and the Issuer); provided, however, notice shall not be required for any redemption of the Bonds from the proceeds of a scheduled payment of principal of the Loans under the terms of the Notes or an optional prepayment by the Borrower of principal of the Loans under the terms of the Notes. Such notice shall also be given ("Additional Notice") by Electronic Notice, or by registered, certified or overnight mail. The redemption notice shall identify the series of the Bonds and the portion of the principal thereof to be redeemed and shall state:

- (a) the date of such notice and the redemption date;
- (b) the Redemption Price;
- (c) the original date of execution and delivery of the Bonds to be redeemed;
- (d) the interest borne by the Bonds to be redeemed;
- (e) the Maturity Date of the Bonds to be redeemed;
- (f) the number and CUSIP number, if any, of the Bonds to be redeemed;
- (g) that the Redemption Price of any Bonds are payable only upon the surrender of the respective Bonds to the Trustee and the address at which the Bonds must be surrendered; and
- (h) that interest on the Bonds called for redemption ceases to accrue on the redemption date, provided that, subject to the last paragraph of Section 4.08, on such redemption date Eligible Funds are on deposit in the Bond Fund sufficient to pay the Redemption Price of the Bonds to be redeemed in full.

Notwithstanding the foregoing, no advance notice of redemption shall be required during any time that U.S. Bank National Association is the sole Bondholder.

Any notice given and made pursuant to this Section may state that such redemption shall be conditioned (“Conditional Notice”) upon the receipt by the Trustee on or prior to the date fixed for such redemption of Eligible Funds sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed or upon the occurrence of such other event or condition as shall be set forth in such Conditional Notice, and that, if such Eligible Funds shall not have been so received, or if such other event or condition shall have occurred or failed to occur (as the case may be), such Conditional Notice shall be of no force and effect and the redemption of the Bonds specified in the Conditional Notice shall no longer be required. The Trustee shall within a reasonable time thereafter give notice, in the manner in which the original Conditional Notice was given, of the cancellation of such redemption.

Section 4.07. Deposit of Redemption Price. Except as provided in Section 4.01, on or prior to any redemption date, and as a condition to such redemption or purchase, the Borrower shall, only to the extent of amounts due under the Notes and the Loan Agreement, deposit or cause there to be deposited with the Trustee or applied in accordance with this Indenture, Eligible Funds in an amount sufficient to pay the Redemption Price of the Bonds to be redeemed on that date. Such money shall be held in trust for the benefit of the Person entitled to such Redemption Price and shall not be deemed to be part of the Trust Estate.

Section 4.08. Bonds Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Bonds or portions thereof designated for redemption shall become due and payable on the redemption date at the Redemption Price and, from and after such date (unless the Borrower shall default in the payment of the Redemption Price with Eligible Funds), the Bonds or portions thereof shall cease to bear interest from and after the redemption date whether or not the Bonds are presented and surrendered for payment on such date. If the Bonds or portion thereof called for redemption is not so paid upon presentation and surrender thereof on the redemption date, the Bonds or portion thereof shall continue to bear interest at the rate or rates provided for thereon until paid and the Bondholder shall have all of the rights and be subject to the limitations set forth in Article IX. Upon surrender of the Bonds for redemption in

accordance with said notice, the Bonds shall be paid by the Trustee on behalf of the Issuer at the applicable Redemption Price to the extent of Eligible Funds held by the Trustee on such redemption date. Installments of interest due on or prior to the redemption date shall be payable to the Bondholder as of the relevant Record Dates, without surrender thereof, according to the terms of the Bonds and the provisions of this Indenture.

ARTICLE V

DELIVERY OF BONDS; APPLICATION OF BOND PROCEEDS

Section 5.01. Conditions Precedent to the Delivery of Bonds. Upon the receipt of the initial disbursement of the proceeds of the Bonds, the Trustee shall authenticate the Bonds and deliver them to or on the order of the Bondholder as shall be directed by the Issuer as hereinafter provided in this Section.

Prior to the initial delivery of Bonds against payment therefor on the Closing Date, the following conditions shall have been satisfied and documents delivered to or on file with the Trustee or Bond Counsel, as applicable:

(a) The original Notes and executed counterparts of the Bond Documents and the other Loan Documents;

(b) A certified copy of the Issuer Authorizing Resolution;

(c) Evidence of the payment of the initial purchase price of the Bonds and deposit of the proceeds thereof required by Section 5.02 hereof;

(d) An opinion of Bond Counsel substantially to the effect that, among other things, the Bonds constitute the valid and binding limited obligations of the Issuer, payable from the Trust Estate in accordance with this Indenture, and interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under the Code (subject to customary limitations and exclusions);

(e) A certificate of the Issuer attesting to the incumbency of the officers of the Issuer and such other matters as customarily covered therein;

(f) An opinion of Counsel to the Borrower to the effect that, among other things, the Loan Documents have been duly authorized, executed and delivered by the Borrower and are legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms subject to customary qualifications and exceptions;

(g) A request and authorization to the Trustee signed by an Authorized Representative of the Issuer to authenticate and deliver the Bonds to the Bondholder upon payment to the Trustee, but for the account of the Issuer, of the initial purchase price of the Bonds on the Closing Date;

(h) An executed counterpart of an Investor Letter executed by the Bondholder;
and

(i) Such other certificates, documents or opinions which the Issuer or the Bondholder or their counsel may require.

Following the initial delivery of Bonds on the Closing Date, subsequent advances of the purchase price of the Bonds (the "Disbursement Amounts") shall be made in accordance with the conditions precedent set forth in the Loan Agreement and the Construction and Convertible Term Bond Financing Agreement.

Section 5.02. Initial Deposits; Application of Bond Proceeds and Other Funds. The Trustee shall deposit the proceeds derived from sale of the Bonds from time to time and amounts received from or on behalf of the Borrower, as follows:

(a) The Trustee shall deposit the initial Disbursed Amount of the Bonds (\$_____) on the Closing Date, which shall be attributable to the Series 2020G-1 Bonds, to the Bond Proceeds Account of the Project Fund.

(b) After the Closing Date, the Trustee shall deposit sale proceeds of the Bonds received from time to time from the Bondholder pursuant to the terms hereof in the Bond Proceeds Account of the Project Fund, such proceeds to be attributable to the respective series of the Bonds as provided in the first paragraph of Section 3.08.

(c) The Trustee shall deposit any Borrower equity proceeds and any subordinate loan proceeds received by it from the title company serving as the escrow agent for the recording of the Mortgage, or otherwise from or on behalf of the Borrower, into the Equity Account of the Project Fund.

ARTICLE VI

PLEDGE; FUNDS

Section 6.01. Pledge of Revenues and Assets. The pledge and assignment of and the security interest granted in the Trust Estate pursuant to the Granting Clauses hereof for the payment of the principal of, premium, if any, and interest on the Bonds, in accordance with their terms and provisions, and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Bonds by the Trustee or by any person authorized by the Trustee to deliver the Bonds. The Trust Estate so pledged and then or thereafter received by the Trustee shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

Section 6.02. Establishment of Funds. There are established with the Trustee the following trust funds:

- (a) the Bond Fund;
- (b) the Project Fund (and therein the Bond Proceeds Account and the Equity Account);
- (c) the Rebate Fund;
- (d) the Redemption Reserve Fund;
- (e) the Expense Fund; and

(f) the Costs of Issuance Fund.

All money required to be deposited with or paid to the Trustee for the account of any of the funds created by this Indenture (other than the Rebate Fund and the Expense Account) shall be held by the Trustee in trust for the benefit of the Bondholders, and except for (i) money held in the Expense Fund and the Rebate Fund, and (ii) money deposited with or paid to the Trustee for the redemption of the Bonds, notice of the redemption of which has been duly given, shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien of this Indenture.

Section 6.03. Application of Pledged Revenues.

(a) All money received by the Trustee from the Borrower pursuant to Section 2.05 of the Loan Agreement and all other Pledged Revenues (except as provided in subsection (b) and (c)), whenever received, shall be deposited by the Trustee into the Bond Fund.

(b) All money received by the Trustee from the Borrower pursuant to Section 2.06 of the Loan Agreement shall be disbursed or transferred, as appropriate, when received by the Trustee, in the following order of priority:

(i) to the Rebate Fund, an amount equal to the Rebate Amount, if any, then required to be deposited therein pursuant to the Loan Agreement; and

(ii) to the Expense Fund, if such moneys are needed to pay any expenses pursuant to Section 2.06 of the Loan Agreement.

(c) The Trustee shall deposit any Borrower equity proceeds and subordinate loan proceeds received by it from the title company serving as the escrow agent for the recording of the Mortgage, or otherwise from or on behalf of the Borrower, into the Equity Account of the Project Fund.

Section 6.04. Bond Fund.

(a) The Issuer and the Borrower shall have no interest in the Bond Fund or the moneys therein, which shall always be maintained by the Trustee completely separate and segregated from all other moneys held hereunder and from any other moneys of the Issuer and the Borrower.

(b) The Trustee shall deposit into the Bond Fund the amounts required by Sections 6.03(a) and the second paragraph of Section 6.07(d), and Sections 6.07(e), (f) and (g), together with any other amounts received by the Trustee that are subject to the lien and pledge of this Indenture, including any Pledged Revenues that not otherwise specifically directed in writing to be deposited into other funds created by this Indenture.

(c) On each Interest Payment Date, the Trustee shall apply all amounts on deposit in the Bond Fund in the following order of priority:

First, to pay or provide for the payment of the interest due on the Bonds;

Second, to the Expense Fund, an amount equal to 1/12 of: (i) the Issuer's Fee, (ii) the Trustee's Fee and (iii) the Rebate Analyst's Fee; and

Third, to pay or provide for the payment of the redemption of the Bonds pursuant to Sections 4.01, 4.02, 4.03, 4.04 or 4.05 provided moneys have been transferred or deposited into the Bond Fund for such purpose.

(d) The Trustee shall deposit all amounts paid to Trustee under Section 2.9 of the Construction and Convertible Term Bond Financing Agreement into the Bond Fund and promptly apply the same to a partial redemption of the Bonds.

Section 6.05. Expense Fund. The Trustee shall deposit in the Expense Fund the amounts referred to in Section 6.04(c). Amounts on deposit in the Expense Fund shall be used to pay the Third Party Fees as and when the same become due. In the Loan Agreement, the Borrower has agreed to pay directly to the Issuer or the Trustee any extraordinary fees and expenses of the Issuer or the Trustee, as the case may be, that in the case of the Trustee are not included within the Trustee's Fee.

Section 6.06. Costs of Issuance Fund. Amounts in the Costs of Issuance Fund shall be disbursed by the Trustee only to pay Costs of Issuance upon receipt of a Written Requisition of the Borrower substantially in the form attached as Exhibit D approved by the Bondholder, which Written Requisition shall state the amounts to be paid, the payees and the purposes for such payments.

Section 6.07. Project Fund.

(a) The Trustee shall use moneys in the Bond Proceeds Account of the Project Fund for Project Costs and as otherwise provided in subsection (c). Not less than 95% of the proceeds of the Tax-Exempt Bonds (and thereby the proceeds of the Convertible Term Loan and the Tax-Exempt Construction Loan) shall expended for Qualified Project Costs (the "95% Requirement"). Any other amounts provided to the Trustee by or for the account of the Borrower shall be deposited in the Equity Account of the Project Fund. The Trustee shall use moneys in the Equity Account of the Project Fund for Project Costs. Before any payment shall be made from any account within the Project Fund, there shall be filed with the Trustee a Written Requisition of the Borrower substantially in the form attached as Exhibit B and approved by the Bondholder for each such payment (upon which the Trustee may conclusively rely). Written Requisitions for disbursements from the Bond Proceeds Account of the Project Fund shall include a certification from Borrower of compliance with the 95% Requirement. The Bondholder's approval of a Written Requisition does not constitute a determination by the Bondholder that the amounts requested for disbursement are Project Costs or that the 95% Requirement has been met; nor does the Bondholder have any duty or responsibility to make these determinations.

(b) The Trustee shall forward to Bondholder any Bondholder Fees following receipt by the Trustee.

(c) In connection with a Written Requisition:

(i) Only the signature of an authorized officer of the Bondholder shall be required on a Written Requisition during any period in which Loan Agreement Default has occurred and is then continuing (Written Notice of which has been given by the Bondholder to the Trustee and the Issuer, and the Trustee shall be entitled to conclusively rely on any such Written Notice as to the occurrence and continuation of such a default); and

(ii) The Trustee shall be entitled to conclusively rely upon any Written Requisition in determining whether to disburse amounts from the Project Fund.

(d) Within five Business Days of receipt of each Written Requisition, the Trustee shall make payment from the appropriate account within the Project Fund in accordance with such Written Requisition. The Trustee shall have no duty to determine whether any requested disbursement from the Project Fund complies with the terms, conditions and provisions of the Bond Documents, constitutes Project Costs or Qualified Project Costs or complies with the 95% Requirement. The countersignature of the authorized officer of the Bondholder on a Written Requisition shall, insofar as the Trustee and the Issuer are concerned, constitute conclusive evidence that all of the terms, conditions and requirements of the Bond Documents applicable to such disbursement have been fully satisfied or waived. The Trustee shall, promptly upon each receipt of a completed Written Requisition of the Borrower, countersigned by the Bondholder, initiate procedures to make such amounts available to fund the Written Request, including, but not limited to, initiating procedures with the provider of the Investment Agreement, if any, to make withdrawals under such Investment Agreement as necessary to fund the Written Requisition. If a Written Requisition signed by the Authorized Borrower Representative and countersigned by the Bondholder is received by the Trustee, the requested disbursement shall be paid by the Trustee as soon as practicable, but in no event later than five Business Days following receipt thereof by the Trustee.

The Trustee shall promptly notify the Borrower, the Investor Limited Partner and the Bondholder if there are not sufficient funds available to make the transfers as and when required by this subsection (c). Except as provided in the next sentence, all such payments shall be made by check or draft payable, or by electronic transfer, either (i) directly to the person, firm or corporation to be paid, (ii) to the Borrower and such person, firm or corporation, or (iii) upon the Bondholder's receipt of evidence that the Borrower has previously paid such amount and Written Direction to the Trustee as to such, to the Borrower.

Upon the occurrence of a Loan Agreement Default of which the Trustee has written notice as provided herein, which is continuing under the Bond Documents, with the Written Consent of the Bondholder, the Trustee may apply amounts on deposit in the Project Fund to the payment of principal of and interest on the Bonds. Upon final disbursement of all amounts on deposit in the Project Fund, the Trustee shall close the Project Fund.

(e) Notwithstanding any provision herein to the contrary, the transfer of moneys from the Bond Proceeds Account of the Project Fund to the Bond Fund as provided in this Indenture, shall occur automatically on each Loan Payment Date without the need for a Written Requisition of the Borrower or the consent of the Bondholder.

(f) Immediately prior to any mandatory redemption of the Bonds pursuant to Section 4.02(a) or Section 4.04, any amounts then remaining in the Bond Proceeds Account of the Project Fund shall, at the Written Direction of the Bondholder, be transferred to the Bond Fund to be applied to the redemption of the Bonds pursuant to Section 4.02(a) or Section 4.04.

(g) When the Project has been completed, the Borrower shall deliver a Certificate of Completion to the Trustee, the Issuer, the Investor Limited Partner and the Bondholder that contains a certification regarding the 95% Requirement.

(h) Amounts on deposit in the Project Fund shall be invested as provided in Section 7.01. All investment income earned on amounts on deposit in each account of the Project Fund shall be retained in and credited to and become a part of the amounts on deposit in that account of the Project Fund.

Section 6.08. Rebate Fund.

(a) There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to Section 4.17(c) of the Loan Agreement. Subject to the payment provisions provided in subsection (b), all amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust, to the extent required to pay arbitrage rebate to the United States of America, and none of the Borrower, the Issuer or the Bondholder shall have any rights in or claim to such money. All amounts held in the Rebate Fund shall be governed by this Section, by Section 4.17(c) of the Loan Agreement and by Section 2(h) of the Regulatory Agreement. The Issuer and the Trustee shall be entitled to rely on the rebate calculations obtained by the Borrower pursuant to Section 4.17(c) of the Loan Agreement and Section 2(h) of the Regulatory Agreement and neither the Issuer nor the Bondholder shall be responsible for any loss or damage resulting from any action taken or omitted to be taken by the Issuer or the Trustee in reliance upon such calculations.

(b) Pursuant to each report prepared pursuant to Section 4.17(c) of the Loan Agreement and Section 2(h) of the Regulatory Agreement, the Trustee shall remit all rebate installments and a final rebate payment to the United States of America. The Trustee shall have no obligation to pay any amounts required to be rebated pursuant to this Section and any such report, other than from moneys held in the Rebate Fund or from other moneys provided to it by the Borrower. Any moneys remaining in the Rebate Fund after redemption and payment of the Bonds, payment of the fees and expenses of the Trustee and payment and satisfaction of any arbitrage rebate shall be withdrawn and paid to the Borrower.

(c) Notwithstanding any other provision of this Indenture, including in particular Article XII, the obligation to pay arbitrage rebate to the United States of America and to comply with all other requirements of this Section shall survive the defeasance or payment in full of the Bonds.

Section 6.09. Application of Funds and Accounts Upon Event of Default. Upon the occurrence of an Event of Default, the Trustee, unless otherwise directed in a Written Direction of the Bondholder, shall apply all moneys in the funds and accounts established hereunder, other than in the Rebate Fund and the Expense Fund, pursuant to Section 9.04.

Section 6.10. Repayment From Funds and Accounts. Any moneys remaining in any fund or account created hereunder after payment or provision for payment in full of all Bond Payment Obligation, all fees, charges and expenses of the Issuer, the Trustee and the Rebate Analyst, the payment of all parties to whom moneys are owed pursuant to Section 6.03 and all other amounts required to be paid hereunder or under the Bond Documents, shall be paid to Borrower.

Section 6.11. Redemption Reserve Fund.

(a) Any amount received by Trustee from or on behalf of Borrower pursuant to Section 4.22 of the Loan Agreement shall be deposited in the Redemption Reserve Fund.

(b) Amounts in the Redemption Reserve Fund shall be transferred to the Bond Fund to redeem the Bonds in accordance with Section 4.02(b) hereof.

(c) Investment income earned on amount on deposit in the Redemption Reserve Fund shall be transferred to the Bond Fund and applied pursuant to Section 6.04 on the next Interest Payment Date as required herein.

Section 6.12. Establishment of Other Funds or Accounts. For administrative convenience the Trustee is hereby authorized to establish and create from time to time such other funds and accounts or subaccounts as may be necessary for the deposit of moneys (including, without limitation, insurance proceeds and/or condemnation awards) received by the Trustee pursuant to the terms hereof or of any of the other Bond Documents.

ARTICLE VII

INVESTMENT OF FUNDS

Section 7.01. Investment of Funds.

(a) Any money held as part of the funds and accounts created hereunder shall be invested or reinvested by the Trustee solely in Permitted Investments pursuant to Written Direction from the Borrower, and consented to in writing by the Bondholder. The Trustee shall have no discretion for investing or advising any parties on investing funds. All such Permitted Investments shall mature or be subject to withdrawal or redemption without discount or penalty prior to the next Interest Payment Date. In addition, following receipt by a Responsible Officer of Written Notice of a Default, or a Loan Agreement Default, the Trustee shall invest and reinvest the money it holds as part of the funds and accounts at the Written Direction of the Bondholder. Except as described below, any investment made with money on deposit in a fund or account shall be held by or under control of the Trustee and shall be deemed at all times a part of the fund or account where such money was on deposit, and the interest and profits realized from such investment shall be credited to such fund or account and any loss resulting from such investment shall be charged to such fund or account. In the absence of the receipt of any investment instructions as provided herein, the Trustee is authorized to invest all money under its control in _____ as standing instructions. Further, in the absence of written directions from the Borrower and except for funds required to be invested at a restricted yield pursuant to Section 148 of the Code, the Trustee is expressly authorized to implement its automated cash investment system, to assure that cash on hand is invested, and to charge its normal cash investment fees, which may be deducted from income earned on investments; provided that such fees are separately stated and accounted for. Notwithstanding the foregoing, amounts in the Project Fund shall be invested in the Investment Agreement, if any.

(b) The Trustee may make any investment through its own bonds department, investment department or other commercial banking department or Affiliate of the Trustee providing investment services. The Trustee, any such department or the Trustee's Affiliates may receive reasonable and customary compensation in connection with any investment made hereunder.

(c) The Trustee shall have no liability or responsibility for any depreciation of the value of any investment made in accordance with the provisions of this Section or for any loss resulting from such investment or redemption, sale or maturity thereof.

(d) Unless otherwise confirmed in writing, an account statement delivered by the Trustee to the Borrower or the Bondholder, as the case may be, shall be deemed written confirmation by said party that the investment transactions identified therein accurately reflect the investment directions given to the Trustee by said party, unless said party notifies the Trustee in writing to the contrary within 30 days of the date of receipt of such statement.

(e) The Issuer (and the Borrower by its execution of the Loan Agreement) acknowledges that to the extent regulations of the Office 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 specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish to the Issuer, the Bondholder, the Borrower and the Investor Limited Partner periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder.

(f) Except as otherwise provided in subsection (g), the Issuer, solely in reliance on the covenants of the Borrower in the Loan Agreement and the Regulatory Agreement, covenants that 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 (as defined herein).

(g) The Issuer, solely in reliance on the covenants of the Borrower in the Loan Agreement and the Regulatory Agreement, covenants that investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in any reserve fund shall be valued at their present value (within the meaning of Section 148 of the Code).

ARTICLE VIII

REPRESENTATIONS AND COVENANTS

Section 8.01. No Encumbrance on Trust Estate. The Issuer will not knowingly create or knowingly permit the creation of any mortgage, pledge, lien, charge or encumbrance of any kind on the Trust Estate or any part thereof prior to or on parity with the lien of this Indenture, except as expressly permitted or contemplated by the Bond Documents. The Issuer will do, execute, acknowledge, when appropriate, and deliver from time to time at the reasonable request of the Bondholder or the Trustee, and at the expense of the Borrower, after payment of such expenses, such further acts, instruments, financing statements and other documents as are necessary or desirable, and within the legal power of the Issuer, to better assure, transfer, pledge or assign to the Trustee, and grant a security interest unto the Trustee in and to the Trust Estate and the other properties and revenues herein described and otherwise to carry out the intent and purpose of the Bond Documents and the Bonds.

Section 8.02. Payment of Bond Payment Obligation. Subject to the provisions of Article II of this Indenture, the Issuer will duly and punctually pay, or cause to be paid, the Bond Payment Obligation, as and when the same shall become due and will duly and punctually deposit, or cause to be deposited, in the funds and accounts created hereunder the amounts required to be deposited therein, all in accordance with the terms of the Bonds and this Indenture.

Section 8.03. Loan Agreement Performance.

(a) The Trustee, on behalf of the Issuer, may (but shall not be required or obligated) perform and observe any such agreement or covenant of the Issuer under the Loan Agreement, all to the end that the Issuer's rights under the Loan Agreement may be unimpaired and free from default.

(b) The Issuer will promptly notify the Trustee, the Borrower, the Bondholder and the Investor Limited Partner in writing of the occurrence of any Loan Agreement Default or the occurrence of any Default, provided that the Issuer has written notice of such event.

Section 8.04. Maintenance of Records; Inspection of Records.

(a) The Trustee shall keep and maintain adequate records pertaining to the funds and accounts established hereunder, including all deposits to and disbursements from said funds and accounts, for a period ending six years after the Bonds have been paid in full. The Trustee shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal, interest and premium paid on the Bonds, subject to the inspection of the Borrower, the Issuer, the Bondholder, the Investor Limited Partner and their representatives at all reasonable times and upon reasonable prior notice.

(b) The Issuer will at any and all times, upon the reasonable request of the Trustee, the Borrower, the Bondholder and the Investor Limited Partner afford and procure a reasonable opportunity by their respective representatives to inspect the books, records, reports and other papers of the Issuer relating to the Project and the Bonds, if any, and to make copies thereof.

Section 8.05. Advances by Trustee. If the Issuer fails to perform any of its covenants in this Indenture (and such failure to perform shall not have been timely cured by the Borrower), the Trustee or the Bondholder may, in their sole discretion, but shall not be required to, at any time and from time to time (after written notice to the Borrower if no Loan Agreement Default shall exist) make advances to effect performance of any such covenant on behalf of the Issuer. Any money so advanced by the Trustee or the Bondholder, together with interest at the Default Rate, shall be repaid (subject to the provisions of Article II of this Indenture) upon demand and such advances shall be secured hereunder prior to the Bonds.

Section 8.06. Tax Covenants.

(a) Issuer's Covenants. The Issuer covenants and agrees that, until the final maturity of the Bonds, based solely upon the Borrower's covenants in Section 4.17 of the Loan Agreement and in the Regulatory Agreement, it will not use any money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other source, in a manner that would cause the Bonds to be an "arbitrage bonds" within the meaning of Section 148 of the Code. The Issuer, based solely on the covenants of the Borrower in the Loan Agreement and the Regulatory Agreement, shall not use or permit the use of any proceeds of the Bonds or any other funds of the Issuer within its control, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions which would result in the Bonds being treated other than as an obligation described in Section 103(a) of the Code. The Issuer, based solely on the covenants of the Borrower in the Loan Agreement and the Regulatory Agreement, will not take any action that would result in all or any portion of the Bonds being treated as federally guaranteed within the meaning of Section 149(b)(2) of the Code.

For purposes of this Section 8.06(a) the Issuer's compliance shall be based solely on matters within the Issuer's control and no acts, omissions or directions of the Borrower, the Trustee or any other Person shall be attributed to the Issuer.

(b) Trustee's Covenants. The Trustee agrees that it will invest funds held hereunder in accordance with the terms of this Indenture. The Trustee shall have no liability for compliance with the Code to the extent it follows the written directions of the Borrower, the Issuer, the Bondholder or the Rebate Analyst. The Trustee further covenants that should the Issuer, the Bondholder or the Borrower file with the Trustee (it being understood that neither the Issuer nor the Bondholder has an obligation to so file), or should the Trustee receive an Opinion of Counsel substantially to the effect that any proposed investment or other use of proceeds of the Bonds would cause the Bonds to become an "arbitrage bonds" within the meaning of Section

148 of the Code, then the Trustee will comply with any written instructions of the Borrower, the Bondholder or Bond Counsel regarding such investment or use so as to prevent the Bonds from becoming an “arbitrage bonds,” and the Trustee will bear no liability to the Issuer, the Borrower or the Bondholder for investments made in accordance with such instructions. In the event that it is necessary to restrict or limit the yield on the investment of moneys held by the Trustee pursuant to this Indenture, or to use such moneys in any certain manner to avoid the Bonds being considered an arbitrage bonds, the Borrower shall deliver to the Trustee a Written Order with respect to the investment or use of moneys held by the Trustee, in which event, the Trustee shall take such action as so directed by the Borrower to restrict or limit the yield on such investment or to use such moneys in accordance with such Written Order.

ARTICLE IX

DEFAULT; REMEDIES

Section 9.01. Events of Default.

(a) Any one or more of the following shall constitute an Event of Default hereunder (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) a default in the payment of any interest on the Bonds after such interest becomes due and payable; or

(ii) a default in the payment of principal of, or premium on, the Bonds after the Bonds principal or premium becomes due and payable, whether at its stated maturity, by declaration of acceleration or call for redemption, purchase or otherwise; or

(iii) default in the performance or breach of any material covenant or warranty of the Issuer in this Indenture (other than a covenant or warranty or default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after there has been given written notice, as provided in Section 13.01, to the Issuer, the Borrower and the Investor Limited Partner by the Trustee or to the Issuer, the Borrower, the Trustee and the Investor Limited Partner by the Bondholder, specifying such default or breach and requiring it to be remedied and stating that such notice is a “notice of default” hereunder; provided that, so long as the Issuer, or the Borrower or the Investor Limited Partner on behalf of the Issuer, has commenced to cure such failure to observe or perform within the 30-day cure period and the subject matter of the default is not capable of cure within said 30-day period and the Issuer, or the Borrower or the Investor Limited Partner on behalf of the Issuer, is diligently pursuing such cure to the Trustee’s satisfaction, with the Bondholder’s Written Direction or Written Consent, then the Issuer, or the Borrower or the Investor Limited Partner on behalf of the Issuer, shall have an additional period of time as reasonably necessary (not to exceed 30 days unless extended in writing by the Bondholder) within which to cure such default; or

(iv) the occurrence and continuance of a Loan Agreement Default, or an Event of Default under and as defined in the Construction and Convertible Term Bond Financing Agreement; or

(v) failure to pay any Third-Party Fee when due.

(b) The Trustee will promptly notify the Issuer, the Borrower, the Bondholder and the Investor Limited Partner after a Responsible Officer obtains actual knowledge of the occurrence of an Event of Default.

Section 9.02. Acceleration of Maturity; Rescission and Annulment.

(a) Subject to the provisions of Section 9.11, upon the occurrence of an Event of Default, only at the Written Direction of the Bondholder, the Trustee shall declare the principal of the Bonds and the interest accrued to be immediately due and payable by notice to the Issuer and the Borrower. Upon such declaration, all principal of and interest on the Bonds shall become immediately due and payable.

(b) At any time after such a declaration of acceleration has been made pursuant to subsection (a) of this Section, such declaration and its consequences may be rescinded and annulled by Written Notice of the Bondholder if:

(i) there has been deposited with the Trustee a sum sufficient to pay (A) all overdue installments of interest on the Bonds, (B) the principal of and redemption premium on the Bonds that has become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in the Bonds, (C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Bonds, and (D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(ii) all Events of Default, other than the non-payment of the principal of the Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived in writing as provided in Section 9.11.

No rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

(c) Notwithstanding the occurrence and continuation of an Event of Default, the Trustee is instructed that it shall pursue no remedies against the Borrower, the Project or the Project Fund if no Loan Agreement Default has occurred and is continuing without the Written Direction of the Bondholder. An Event of Default hereunder shall not in and of itself constitute a Loan Agreement Default.

Section 9.03. Additional Remedies; Bondholder Enforcement.

(a) Upon the occurrence of an Event of Default, the Trustee may, subject to subsection (c) and the last sentence of Section 9.12, proceed to protect and enforce its rights and the rights of the Bondholder by mandamus or other suit, action or proceeding at law or in equity. No remedy conferred by this Indenture upon or remedy reserved to the Trustee or to the Bondholder is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholder hereunder or now or hereafter existing at law or in equity or by statute.

(b) Upon the occurrence and continuation of any Event of Default, the Bondholder may proceed forthwith to protect and enforce its rights under the Bonds and this Indenture by such suits, actions or proceedings as the Bondholder, in its sole discretion, shall deem expedient.

(c) Notwithstanding anything to the contrary contained in this Indenture, the Trustee shall not exercise any of its rights or remedies under this Article IX or otherwise hereunder or under the Loan Agreement as a result of the occurrence of an Event of Default hereunder unless and until instructed by Written Direction to do so by the Bondholder. The Trustee shall in such event exercise such rights and remedies as so instructed by the Bondholder; provided, that the Bondholder shall have offered to the Trustee in writing indemnity reasonably satisfactory to the Trustee against the fees, costs, expenses and liabilities to be incurred by the Trustee in compliance with any such instructions.

Section 9.04. Application of Money Collected. Any money collected by the Trustee pursuant to this Article and any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of the Bond Payment Obligation, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

First: To the payment of all amounts due to the Trustee hereunder in connection with actions taken pursuant to this Article and the fees, expenses, liabilities or advances payable to or incurred or made by the Trustee, including any reasonable fees and expenses of counsel;

Second: To the payment of the whole amount of the Bonds then due and unpaid in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal of and overdue installments of interest on the Bonds; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the Bonds, then to the payment of the Bonds without any preference or priority, ratably according to the aggregate amount so due; provided, however, that the Bonds shall be paid in such order of priority as may be prescribed by Written Direction of the Bondholder, in its sole and absolute discretion;

Third: To the payment of any and all other amounts due under the Bond Documents, including, without limitation, any amounts due to the Issuer, the Trustee, the Bondholder and the Rebate Analyst; and

Fourth: The payment of the remainder, if any, to the Borrower or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Section 9.05. Remedies Vested in Trustee and Bondholder. All rights of action and claims hereunder or the Bonds may be prosecuted and enforced by the Trustee without the possession of the Bonds or the production thereof in any proceeding relating thereto. Subject to the rights of the Bondholder, to direct proceedings hereunder, any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, shall be for the benefit of the Bondholder, in respect of whom such judgment has been recovered.

Section 9.06. Limitation on Suits; Rights of Bondholder.

(a) Subject to the provisions of Section 9.12 and to rights specifically given to the Bondholder, Bondholder shall not have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy hereunder, unless:

(i) such Bondholder previously has given written notice to the Trustee of a continuing Event of Default;

(ii) such Bondholder shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder; and

(iii) such Bondholder has offered to the Trustee in writing reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and the Trustee has thereafter failed or refused to exercise remedies hereunder.

(b) Such notice, request and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture or any Loan Document, or for the appointment of a receiver or for any other remedy hereunder, it being understood and intended that the Bondholder has no right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture or any Loan Document, or to enforce any right hereunder or thereunder, except in the manner provided in this Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in this Indenture for the Bondholder; provided, however, that nothing in this subsection shall be construed to preclude the Bondholder from enforcing, or impair the right of the Bondholder to enforce, the payment by the Trustee of the principal of and interest and premium, if any, on the Bonds at or after its due date from available moneys in the Bond Fund or the Redemption Reserve Fund in accordance with this Indenture.

Section 9.07. Unconditional Right of Bondholder to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture, other than any provision in Article II to the contrary, the Bondholder shall have the right which is absolute and unconditional to receive payment of the Bond Payment Obligation when due and, subject to Section 9.06, to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the written consent of the Bondholder.

Section 9.08. Restoration of Positions. If the Trustee or the Bondholder shall have instituted any proceeding to enforce any right or remedy hereunder and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or to the Bondholder, then and in every such case the Issuer, the Trustee, the Borrower and the Bondholder shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Issuer, the Trustee and the Bondholder shall continue as though no such proceeding had been instituted.

Section 9.09. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee or the Bondholder is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or

otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 9.10. Delay or Omission Not Waiver. No delay or omission of the Trustee or of the Bondholder to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Bondholder may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondholder, as the case may be. No waiver of any Default or Event of Default, whether by the Trustee pursuant to Section 9.11, or the Bondholder, shall extend to or shall affect any subsequent Default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 9.11. Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Trustee or the Bondholder may, subject to Section 9.06, by written notice to the Trustee, the Issuer, the Borrower and the Investor Limited Partner, waive any past default hereunder or under the Loan Agreement and its consequences except for default in obligations due the Issuer pursuant to or under the Unassigned Issuer's Rights. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture and the Loan Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 9.12. Remedies Under Loan Agreement or the Notes.

(a) As set forth in this Section 9.12, but subject to subsection (c), the Trustee shall have the right, in its own name or on behalf of the Issuer, to declare any default and exercise any remedies under the Loan Agreement or the Notes, whether or not the Bonds have been accelerated or declared due and payable by reason of an Event of Default. Any money collected by the Trustee pursuant to the exercise of any remedies under the Loan Agreement or the Notes shall be applied as provided in Section 9.04.

(b) If an Event of Default has occurred and is continuing, the Trustee, at the Written Direction of the Bondholder, shall have the right to enforce the Bond Documents and pursue the rights and remedies thereunder whether or not the Bonds have been accelerated or declared due and payable.

(c) Notwithstanding anything to the contrary contained in this Indenture, the Trustee shall not exercise any of its rights or remedies under the Loan Agreement or the Notes as a result of the occurrence of a Loan Agreement Default or any default or event of default under any of the other Bond Documents and the expiration of the applicable cure period or notice and cure period, if any, specified therein, unless and until instructed to do so in writing by the Bondholder. The Trustee shall in such event exercise such rights and remedies as so instructed by the Bondholder; provided that the Bondholder shall have offered to the Trustee in writing indemnity reasonably satisfactory to the Trustee against the costs and expenses to be incurred by the Trustee in compliance with any such instructions.

Section 9.13. Waiver of Appraisal and Other Laws.

(a) To the extent permitted by law, the Issuer will not at any time insist upon, plead, claim or take the benefit or advantage of, any appraisal, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Indenture; and the Issuer, for itself and all who may claim under it, so far as it or they now or

hereafter may lawfully do so, hereby waives the benefit of all such laws. The Issuer, for itself and all who may claim under it, waives, to the extent that it may lawfully do so, all right to have the property in the Trust Estate marshaled upon any enforcement hereof.

(b) If any law in this Section referred to and now in force, of which the Issuer or its successor or successors might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section.

Section 9.14. Suits to Protect the Trust Estate. Subject to the provisions of Section 9.11 hereof, the Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts that may be unlawful or in violation of this Indenture and to protect its interests and the interests of the Bondholder in the Trust Estate and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Bondholder or the Trustee. The Trustee shall provide written notice to the Issuer, the Bondholder and the Investor Limited Partner of the institution of any such proceedings.

Section 9.15. Remedies Subject to Applicable Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

Section 9.16. Cure by Investor Limited Partner. The Issuer, the Trustee and the Bondholder hereby agree that cure of any Default or Event of Default made or tendered by the Investor Limited Partner on behalf of the Borrower 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, provided that the Investor Limited Partner's right to cure shall not extend any cure period. The Trustee and the Bondholder shall provide to the Investor Limited Partner a copy of any default notice delivered to the Borrower hereunder, which copy shall be delivered at the same time and in the same manner as delivered to the Borrower hereunder, provided, however, that failure to provide a copy of such notice to the Investor Limited Partner or the Investor Limited Partner's failure to receive such notice shall in no event be considered a default hereunder.

ARTICLE X

THE TRUSTEE

Section 10.01. Appointment of Trustee; Acceptance. The Bank of New York Mellon Trust Company, N.A., is hereby appointed as Trustee hereunder and hereby accepts such appointment. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture including the transfer and assignment of all assets comprising the Trust Estate by executing this Indenture.

Section 10.02. Certain Duties and Responsibilities of Trustee.

(a) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(b) If an Event of Default exists, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and subject to subsection (c)(iii), use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, in each case, as finally adjudicated by a court of law, except that

(i) this subsection shall not be construed to limit the effect of subsection (a);

(ii) the Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Bondholder in accordance with the terms hereof 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 hereunder; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it in its sole discretion.

(d) The Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

(e) The rights of the Trustee to do things enumerated in this Indenture when described as permissive shall not be construed as a duty.

(f) The rights of the Trustee and limitations of liability enumerated herein and in Section 10.04 shall extend to actions taken or omitted in its role as assignee of the Issuer under the Loan Agreement.

Section 10.03. Notice of Defaults. Upon the occurrence of any Event of Default hereunder and provided that a Responsible Officer of the Trustee is aware of or has received Written Notice of the existence of such Event of Default, promptly with respect to the Issuer, the Bondholder and the Investor Limited Partner and within 30 days with respect to the Bondholder, the Trustee shall transmit by mail to Issuer, the Bondholder, the Investor Limited Partner and the Bondholder as their names and addresses appear in the Bond Register, notice of

such Event of Default known to the Trustee pursuant to Section 10.03, unless such Event of Default shall have been cured or waived.

Section 10.04. Certain Rights of Trustee. Except as otherwise provided in Section 10.01:

(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, direction, consent, order, bond, debenture, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Issuer Representative;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Written Certificate of the Issuer or the Borrower, as appropriate;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of the Bondholder pursuant to this Indenture, unless the Bondholder shall have offered to the Trustee in writing security or indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction, provided, that nothing contained in this subparagraph (d) shall be construed to require such security or indemnity for the performance by the Trustee of its obligations under Article VI and Section 9.02;

(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, bonds, debenture, coupon 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, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Issuer, if any, and of the Borrower, in either case personally or by agent or attorney after reasonable notice and during normal business hours;

(f) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and pay reasonable compensation thereto and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder. The Trustee may act, or refrain from acting, upon the advice of counsel of its choice appointed with due care concerning all matters of the trusts hereof and the Trustee shall not be responsible for any loss or damage resulting from any action or inaction taken in reliance upon said advice; and

(g) the Trustee shall not be required to take notice or be deemed to have notice of any Event of Default except for Events of Default specified in subsection (a) of Section 9.01, unless a Responsible Officer of the Trustee shall be specifically notified by a Written Direction of such Default or Event of Default by the Issuer or the Bondholder, and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered in writing to a Responsible Officer of the Trustee at the Office of the Trustee, and in the absence of such Written Notice so delivered the Trustee may conclusively assume there is no Default or Event of Default as aforesaid.

Section 10.05. Not Responsible for Recitals. The recitals contained herein and in the Bonds, except the certificate of authentication on the Bonds, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Bonds.

Section 10.06. May Hold Bonds. The Trustee in its individual or any other capacity may be or may become the Bondholder and may otherwise deal with the Issuer and the Borrower with the same rights it would have if it were not Trustee.

Section 10.07. Compensation and Reimbursement.

(a) Under the Loan Agreement, the Borrower has agreed to, except as otherwise expressly provided herein, reimburse the Trustee as provided in this Indenture or the Loan Agreement, upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable fees, expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence or willful misconduct, both as finally adjudicated by a court of law. When the Trustee incurs expenses or renders service in connection with any bankruptcy or insolvency proceeding, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy law or law relating to creditors rights generally.

(b) The Issuer has no obligation to pay the Trustee for services rendered except from moneys on deposit in the Expense Fund.

Section 10.08. Trustee Required; Eligibility. Any successor Trustee shall at all times be a trust company, a state banking corporation or a national banking association with the authority to accept trusts in the State and either (a) have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, (b) be a wholly owned subsidiary of a bank holding company, or a wholly owned subsidiary of a company that is a wholly owned subsidiary of a bank holding company, having a combined capital surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, or (c) is otherwise acceptable to the Issuer and Bondholder in their respective discretion.

Section 10.09. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee hereunder and no appointment of a successor Trustee pursuant to this Article shall become effective until the written acceptance by the successor Trustee of such appointment.

(b) The Trustee may resign at any time by giving 60 days' Written Notice thereof to the Issuer, the Borrower and the Bondholder. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 45 days after the giving of such notice of resignation (or such later time as shall be acceptable to the resigning Trustee), the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Issuer acting alone or at the request of the Bondholder or the Borrower, or the Bondholder or the Borrower, with the consent of the Issuer, may remove the Trustee at any time

with 30 days' notice by Written Notice delivered to the Trustee, the Issuer, the Borrower and the Bondholder.

(d) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause, the Issuer shall promptly appoint a successor Trustee. If, within 60 days after such resignation, removal or incapacity or the occurrence of such vacancy, or at such earlier time when the resigning Trustee shall be entitled to petition any court of competent jurisdiction for the appointment of a successor, the Issuer has failed to appoint a successor Trustee, then the Bondholder may appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Trustee shall be so appointed by the Issuer or the Bondholder as the case may be. If no successor Trustee shall have been appointed by the Issuer and accepted appointment in the manner hereinafter provided, the Issuer, the Bondholder or retiring Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) The retiring Trustee shall cause Written Notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to be mailed by first-class mail, postage prepaid, to the Borrower and the Bondholder as their names and addresses appear in the Bond Register. Each notice shall include the name of the successor Trustee and the address of the Office of the successor Trustee.

Section 10.10. Acceptance of Appointment by Successor.

(a) Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; notwithstanding the foregoing, at the request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

(b) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article, to the extent operative.

Section 10.11. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case the Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated the Bonds.

Section 10.12. Requests From Rating Agency. If the Bonds are at any time rated by a Rating Agency, the Trustee shall promptly, during such time, respond in writing, or in such other manner as may be reasonably requested, to requests from the Rating Agency for information deemed necessary by the Rating Agency in order to maintain the rating assigned thereby to the Bonds. The Trustee shall promptly furnish any such requested information in its possession to the Rating Agency.

Section 10.13. No Recourse Against Officers or Employees of Trustee. No recourse with respect to any claim related to any obligation, duty or agreement contained in this Indenture or any other Bond Document shall be had against any officer, shareholder, director or employee, as such, of the Trustee, it being expressly understood that the obligations, duties and agreements of the Trustee contained in this Indenture and the other Bond Documents are solely corporate in nature.

ARTICLE XI

SUPPLEMENTAL INDENTURES; AMENDMENT OF LOAN AGREEMENT AND BOND DOCUMENTS

Section 11.01. Supplemental Trust Indentures. The Issuer and the Trustee from time to time may enter into a Supplemental Indenture, but only with the consent of the Bondholder and (except during the existence and continuance of a Loan Agreement Default) the Borrower.

Section 11.02. Supplemental Indentures Part of Indenture. Any Supplemental Indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture, and all of the terms and conditions contained in any such Supplemental Indenture as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. This Indenture shall be, and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations hereunder of the Issuer, the Trustee and the Bondholder shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments. Express reference to any Supplemental Indenture may be made in the text of the Bonds authenticated after the execution of such Supplemental Indenture, if deemed necessary or desirable by the Trustee.

Section 11.03. Discretion of Trustee to Execute Supplemental Indenture. Except in the case of a direction from the Bondholder (unless the Trustee determines, in its reasonable discretion, that such Supplemental Indenture increases its duties or adversely affects its rights, privileges or indemnities), the Trustee shall not be under any responsibility or liability to the Issuer or to the Bondholder or to anyone whomsoever for its refusal in good faith to enter into any Supplemental Indenture if such Supplemental Indenture is deemed by it to be contrary to the provisions of this Article or if the Trustee has received an Opinion of Counsel that such Supplemental Indenture is contrary to law or materially adverse to the rights of the Bondholder.

Section 11.04. Consents and Opinions. No Supplemental Indenture shall be effective unless the Issuer and the Trustee shall have received, at the expense of the Borrower, a No Adverse Effect Opinion. The Trustee and the Issuer shall be entitled to receive, at the expense of the Borrower, an Opinion of Counsel to the effect that any Supplemental Indenture is authorized and complies with the provisions of this Indenture.

Section 11.05. Notation of Modification on Bonds; Preparation of New Bonds. Any Bonds authenticated and delivered after the execution of any Supplemental Indenture pursuant

to the provisions of this Article may bear a notation, in form approved by the Trustee and the Issuer, as to any matter provided for in such Supplemental Indenture, and if such Supplemental Indenture shall so provide, a new Bonds, so modified as to conform, in the opinion of the Trustee and the Issuer, to any modification of this Indenture contained in any such Supplemental Indenture, may be prepared by the issuer, at the expense of the Borrower, authenticated by the Trustee and delivered without cost to the Bondholder of the Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

Section 11.06. Amendments to Loan Agreement and Bond Documents. The Issuer and Trustee shall not consent to any amendment, change or modification of the Bond Documents, the other Loan Agreement or any other Loan Document without the prior written consent of the Bondholder.

ARTICLE XII

DEFEASANCE

Section 12.01. Satisfaction and Discharge of Indenture. Whenever all Bond Payment Obligation have been fully paid and the Bonds are no longer Outstanding, and all fees, costs and expenses due and payable hereunder and under the other Bond Documents have been paid in full, then (a) this Indenture and the lien, rights and interests created hereby shall cease, terminate and become null and void (except as to any surviving rights of transfer or exchange of the Bonds herein or therein provided for) and (b) the Trustee shall execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver all cash and securities then held by it hereunder as a part of the Trust Estate pursuant to Section 6.11.

Section 12.02. Trust for Payment of Debt Service.

(a) The Issuer shall, at the Written Request of the Borrower, on any date provide for the payment of the Bonds by establishing an escrow (at the sole expense of the Borrower) for such purpose with the Trustee and depositing therein cash and/or Government Obligations (as set forth in the Borrower's Written Request) that (assuming the due and punctual payment of the principal of and interest on such Government Obligations, but without reinvestment) will provide funds sufficient to pay the principal, premium, if any, and interest on the Bonds as the same become due and payable until the maturity or redemption of the Bonds; provided, however, that

(i) such Government Obligations must not be subject to redemption prior to their respective maturities at the option of the issuer of such Government Obligations,

(ii) if the Bonds are to be redeemed prior to their maturity, either (A) the Trustee shall receive evidence that irrevocable written notice of such redemption has been given in accordance with the provisions of this Indenture and the Bonds or (B) the Issuer shall confer on the Trustee irrevocable written authority for the giving of such notice on behalf of the Issuer,

(iii) prior to the establishment of such escrow the Issuer, the Trustee and the Bondholder must receive (A) an Opinion of Counsel substantially to the effect that upon the occurrence of an Act of Bankruptcy, money and investments in such trust will not be recoverable from the Trustee or the Bondholder under provisions of the Bankruptcy Code relating to voidable preferences, and (B) a No Adverse Effect Opinion addressed to the Issuer and the Trustee, and

(iv) prior to the establishment of such escrow, the Trustee must receive a report by an independent certified public accountant stating in effect that the principal and interest payments on the Government Obligations in such escrow, without reinvestment, together with the cash initially deposited therein, will be sufficient to make the required payments from such trust.

(b) Cash and/or Government Obligations deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate, irrevocable trust fund for the benefit of the Bondholder to be paid from such fund. The Trustee shall apply such cash and the principal and interest payable on such Government Obligations solely to the payment of the principal of and premium, if any, and interest on the Bonds.

(c) The obligations hereunder relating to paying agent, registrar and transfer agent functions and the provisions of Section 6.08 and Article X shall survive defeasance.

(d) No defeasance escrow will be established with the Trustee pursuant to this Article XII without the Written Consent of the Bondholder.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Notices.

(a) All notices, demands, requests and other communications required or permitted to be given by any provision of this Indenture shall be in writing and sent by first-class, regular, registered or certified mail, commercial delivery service, overnight courier, air or other courier, hand delivery, or electronic transmission (with confirmation of receipt of such transmission) to the party to be notified addressed as follows:

| | |
|---------------------|--|
| If to the Issuer: | Housing Authority of the City of San Diego 1122 Broadway, Suite 300 San Diego, California 92101 Attention: Executive Director Phone: (619) 578-7575 Facsimile: (619) 578-7356 |
| If to the Trustee: | The Bank of New York Mellon Trust Company, N.A. 400 South Hope Street, Suite 500 Los Angeles, California 90071 Attention: Corporate Trust |
| If to the Borrower: | Ulric Street Housing Associates, L.P. c/o Community Housing Works 3111 Camino del Rio North, Suite 800 San Diego, California 92108 Attention: President and CEO |

with a copy to: Gubb & Barshay LLP
505 - 14th Street, Suite 450
Oakland, California 94612
Attention: Nicole Kline, Esq.

If to the Bondholder: U.S. Bank National Association
c/o US Bancorp Community Development
Corporation
1307 Washington Avenue, Suite 300
Mail Code SL MO RMCD
St. Louis, Missouri 63103
Attention: Director of CLD Asset Management
Email: nami.mcklendin@usbank.com

with a copy to: Davis Wright Tremaine LLP
865 S. Figueroa Street, Suite 2400
Los Angeles, California 90017
Attention: Nancy B. Clapp, Esq.

If to Investor Limited Partner: RSEP Holding, LLC
c/o Red Stone Equity Partners, LLC
1100 Superior Avenue, Suite 1640
Cleveland, Ohio 44114
Attention: General Counsel

with a copy to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, California A 90071
Attention: Kyle Arndt

Any such notice, demand, request or communication shall be deemed to have been given and received for all purposes hereunder: (i) three Business Days after the same is deposited in any official depository or receptacle of the United States Postal Service first-class, or, if applicable, certified mail, return receipt requested, postage prepaid; (ii) on the next Business Day after the same is deposited with a nationally recognized overnight delivery service that guarantees overnight delivery; and (iii) on the date of actual delivery to such party by any other means; provided, however, if the day such notice, demand, request or communication shall be deemed to have been given and received as aforesaid is not a Business Day, such notice, demand, request or communication shall be deemed to have been given and received on the next Business Day; and provided further, that notices to the Trustee shall not be deemed to be given until actually received by the Trustee. Any facsimile signature by a Person on a document, notice, demand, request or communication required or permitted by this Indenture shall constitute a legal, valid and binding execution thereof by such Person.

Any party to this Indenture may change such party's address for the purpose of notice, demands, requests and communications required or permitted hereunder by providing written notice of such change of address to all of the parties listed above by written notice as provided herein.

(b) Where this Indenture provides for giving of notice to the Trustee, such notice shall also be given to the Bondholder and the Investor Limited Partner. Failure to provide any such duplicate notice pursuant to the foregoing sentence, or any defect in any such duplicate notice so provided, shall not be treated as a failure to give the primary notice or affect the validity thereof or the effectiveness of any action taken pursuant thereto.

Section 13.02. Waiver. Where this Indenture provides for notice in any manner, the person entitled to receive notice may waive the notice in writing, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by the Bondholder shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 13.03. Successors and Assigns. All covenants and agreements in this Indenture by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 13.04. Benefits of Indenture. Nothing in this Indenture or in the Bonds, expressed or implied, shall give to any person, other than the parties hereto and their successors hereunder, the Borrower, the Bondholder and the Investor Limited Partner any benefit or any legal or equitable right, remedy or claim hereunder.

Section 13.05. Rights of Bondholder. Notwithstanding any provision herein or in any other agreement to the contrary:

(a) Whenever pursuant to this Indenture or any other Bond Document the Bondholder exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to the Bondholder, the decision of the Bondholder to approve or disapprove or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein or therein provided) be in the sole discretion of Bondholder and shall be final and conclusive.

(b) Whenever this Indenture or any Bond Document requires the consent, determination, election, approval, waiver, acceptance, satisfaction or expression of opinion of, or the taking of any discretionary act by, the Trustee (all of the foregoing being referred to as "Consent" in this Section 13.05), the right, power, privilege and option of the Trustee to withhold or grant its Consent shall be deemed to be the right, power, privilege and option of the Bondholder to withhold or grant such Consent, and the Trustee shall have no responsibility for any action or inaction with respect thereto, except as may be otherwise set forth in this Indenture (including, without limitation, Section 11.04). The Trustee hereby agrees to take such action, or refrain from taking such action, upon the written direction of the Bondholder. If the Trustee fails to take any such action within 20 days after the written direction of the Bondholder to take such action, the Bondholder, but need not, take such action on behalf and in the name, place and stead of the Trustee.

Section 13.06. Proof of Execution of Writings and Ownership. Any instrument provided in this Indenture to be signed or executed by the Bondholder may be in any number of writings of similar tenor and may be signed or executed by the Bondholder in person or by their duly authorized representatives. Proof of the execution of any such instrument, or of the writing appointing any such agent, or of the ownership of the Bonds (other than the assignment of ownership of a Bond as set forth in the form of Bonds), shall be sufficient for any of the purposes of this Indenture and shall be conclusive in favor of the Issuer and the Trustee with respect to any actions taken by either under such instruments if:

(a) the fact and date of the execution by any person of any such instrument is proved by (i) a certificate of any officer of any jurisdiction who by law has power to take acknowledgments of deeds within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or (ii) an affidavit of a witness of such execution; and

(b) the ownership of the Bonds are proved by the Bond Register kept by the Bond Registrar.

Section 13.07. Legal Holidays; Business Day Convention. In any case in which the date of payment of any Bond Payment Obligation or the date on which any other act is to be performed pursuant to this Indenture falls on a date which is not a Business Day, then payment of such Bond Payment Obligation or such act need not be made on such date but may be made on the next succeeding Business Day, and such later payment or such act shall have the same force and effect as if made on the date scheduled for payment or the date fixed for redemption or the date fixed for such act, as applicable, and no additional interest shall accrue for the period after such date and prior to the date of payment.

Section 13.08. Governing Law. This Indenture shall be governed by and shall be enforceable in accordance with the laws of the State, applicable to contracts made and performed in the State.

Section 13.09. Severability. If any provision of this Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired. In case any covenant, stipulation, obligation or agreement contained in the Bonds or in this Indenture shall for any reason be held to be usurious or in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Issuer or the Trustee only to the full extent permitted by law.

Section 13.10. Execution in Several Counterparts. This Indenture may be contemporaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 13.11. Conflict. Notwithstanding any provision herein or in the other Bond Documents to the contrary, in the event of any conflict or inconsistency between the terms of this Indenture and any of the other Bond Documents (other than the Construction and Convertible Term Bond Financing Agreement), the terms of this Indenture shall control for all purposes. In the event of any conflict or inconsistency between the terms of the Indenture and the Construction and Convertible Term Bond Financing Agreement, as among the obligations among the Trustee or the Bondholder which do not impact the tax-exempt status of the Tax-Exempt Bonds or the Unassigned Issuer's Rights and other than Sections 3.03, 3.4, 3.06, 6.08, 8.06, the terms of the Construction and Convertible Term Bond Financing Agreement shall control for all purposes.

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

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____

Its: _____

19048.44:J16934

[signature page to Trust Indenture – ULRIC Street Apartments]

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
as Trustee

By: _____
Authorized Signatory

19048.44:J16934

[signature page to Trust Indenture – ULRIC Street Apartments]

EXHIBIT A

FORM OF BONDS

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE TRANSFERABILITY HEREOF IS RESTRICTED BY THE TERMS OF THE INDENTURE, INCLUDING THE PROVISION THEREOF LIMITING OWNERSHIP OF THIS BOND TO "QUALIFIED INSTITUTIONAL BUYERS" AND "ACCREDITED INVESTORS" (AS DEFINED IN THE INDENTURE), SUBJECT TO CERTAIN EXCEPTIONS.

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(ULRIC Street Apartments),
Series 2020G-__ (_____)**

No. R-_____ \$ _____

| | | |
|---------------------------|-------------------------|--|
| Dated Date | Maturity Date | Interest Rate |
| _____ October __, 2020 | _____ _____, 1, ____ | _____ As determined in the below- defined Loan Agreement and the _____ Note |

BONDHOLDER: U.S. BANK NATIONAL ASSOCIATION

PRINCIPAL AMOUNT: _____ DOLLARS

The HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Issuer"), for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Bondholder specified above or registered assigns (subject to any right of prior redemption or tender), on the Maturity Date specified above, the Principal Amount last appearing on the Principal Log attached hereto, and to pay interest thereon at the interest rate set forth above, payable on the first calendar day of each month, commencing on November 1, 2020, to the person whose name appears on the Bond Register as of the day next preceding any Interest Payment Date (a "Record Date") and to pay any other amounts as specified in the Indenture (hereinafter defined); provided however, that if the first calendar day of each month is not also a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day and the extension of time shall be included in the computation of interest and fees. All capitalized terms not otherwise defined in this Bond shall have the meaning ascribed thereto in the Indenture.

Principal of, and premium, if any, on this Bond is payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee" and "Bond Registrar"), or its successor.

This Bond shall bear interest in the same manner as is provided with respect to interest on the _____ Loan in the _____ Note and Loan Agreement. This Bond shall bear interest from the date to which interest has been paid on the Bonds 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 its Closing Date.

If a Bondholder so elects, any payment due to such Bondholder shall be made by electronic transfer of federal reserve funds to any account in the United States of America designated by such Bondholder if such Bondholder, at its expense, (a) so directs by written notice delivered to the Trustee at least ten Business Days before the date upon which such electronic transfer or other arrangement is to be made and (b) otherwise complies with the reasonable requirements of the Trustee.

This Bond and the issue of which it is a part are limited obligations of the Issuer, and the principal and premium, if any, and interest thereon are payable solely and only from revenues, and other amounts derived by the Issuer from the Loan Agreement pledged and assigned by the Issuer to the Trustee under the Indenture to secure payment of the principal of, premium, if any, and interest on this Bond.

THIS BOND AND THE INTEREST HEREON IS A LIMITED OBLIGATION OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE. NONE OF THE ISSUER, THE CITY OF SAN DIEGO, OR THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THIS BOND OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH HEREIN AND IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER.

NO COMMISSIONER, OFFICER, AGENT OR EMPLOYEE OF THE ISSUER OR THE CITY OF SAN DIEGO, INCLUDING ANY PERSON EXECUTING THE INDENTURE OR THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THE INDENTURE, AGAINST ANY COMMISSIONER, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE ISSUER OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THIS BOND AND AS PART OF THE CONSIDERATION FOR THE ISSUE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

The Bond is issued under and is equally and ratably secured, together with the Series 2020G-__ Bonds and the Series 2020G-__ Bonds, by the Trust Indenture dated as of October 1, 2020 (as amended and supplemented, the "Indenture"), between the Issuer and the Trustee. The proceeds from the Bonds are to be used for the purpose of making a _____ loan pursuant to the Loan Agreement dated as of October 1, 2020 (the "Loan Agreement"), between the Issuer and ULRIC Street Housing Associates, L.P. (the "Borrower"), to finance costs of the acquisition and construction of an 96-unit multifamily rental housing development located in the City of San Diego, State of California to be known as ULRIC Street Apartments (the "Project"). The Borrower's payment obligations under the Loan Agreement related to the _____ loan will be evidenced by a promissory note (the "_____ Note"). The _____ Note will be secured by the Collateral.

This is a draw down Bond. The principal amount of this Bond as of any given date shall be equal to (i) the total amount of the purchase price of this Bond advanced by the Bondholder, less (ii) any payment of principal on the Bonds received by the Bondholder. The Trustee shall use Schedule A hereto 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 Bondholder as provided in the Indenture and the Loan Agreement) and the redemption or payment of principal of this Bond from time to time. The Trustee shall not accept any funds as the purchase price of this Bond, nor shall the Trustee pay to the Bondholder any payment of the principal amount thereof, without making an appropriate notation on Schedule A. The total amount outstanding under this Bond may not exceed the Authorized Amount at any time.

Reference is hereby made to the Indenture (including any amendments and supplements made thereto from time to time) for a description of the property pledged and assigned to the Trustee and of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the terms on which the Bond is issued and secured. This Bond is subject to optional and mandatory redemption in whole or in part, on the dates, under the terms and conditions and at the redemption prices set forth in the Indenture, all of the provisions of which are, by this reference, incorporated into this Bond. Notice of redemption shall be given to the extent required by, and in the manner set forth in, the Indenture.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any Bonds, or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Indenture, shall be had against any Commissioner, officer or employee, 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 thereof, or for or to the Bondholder or otherwise of any sum that may be due and unpaid by the Issuer upon any 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 Commissioner, officer or employee, as such, to respond by reason of any act or omission on his/her part or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Bondholder or otherwise, of any sum that may remain due and unpaid upon the Bonds thereby secured or any of them, is hereby expressly waived and released as a condition of and consideration for the execution of the Indenture and the issuance of the Bonds.

The Bondholder shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond may be exchanged, and its transfer may be effected, only by the Bondholder in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in Section 3.04 of the Indenture, including, without limitation, the delivery of an Investor Letter to the extent required under the Indenture. Upon exchange or registration of such transfer a new registered bonds or bonds of the same series, maturity and interest rate and of Authorized Denomination or Authorized Denominations for the same aggregate principal amount will be issued in exchange therefor.

The Issuer and the Trustee may deem and treat the person in whose name this Bond shall be registered on the Bond Register, as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

This Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until the Trustee shall have executed the Certificate of Authentication appearing hereon.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required to exist, happen and be performed precedent to or in the issuance of this Bond do exist, have happened and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be duly executed by the manual or facsimile signature of its duly Authorized Officer and attested by the manual or facsimile signature of its Secretary or Deputy Secretary, all as of the date first written above.

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____
Authorized Officer

Attest:

Secretary or Deputy Secretary

CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is the Bond referred to in the within mentioned Indenture.

Date of Authentication: _____, _____

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, _____, the undersigned sells, assigns and transfers unto: _____

(Social Security or Other Identifying Number of Assignee)

(Please Print or Typewrite Name and Address of Assignee)

the within Bonds and do(es) hereby irrevocably constitute and appoint _____ attorney, to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company and must correspond with the name as it appears upon the face of the within bonds in every particular, without alteration or enlargement or any change whatever.

Signature:

NOTICE: The signature on this assignment must correspond with the name(s) of the Registered owner as it appears upon the face of the within Bonds in every particular without alteration or enlargement or any change whatsoever.

SCHEDULE A

PRINCIPAL LOG FOR SERIES 2020G-__ BOND

| <u>Purchase Amount</u> | <u>Purchase Date</u> | <u>Redemption or Payment Amount</u> | <u>Redemption Date</u> | <u>Outstanding Principal</u> | <u>Trustee Initials</u> |
|----------------------------|--------------------------|---|----------------------------|----------------------------------|-----------------------------|
|----------------------------|--------------------------|---|----------------------------|----------------------------------|-----------------------------|

EXHIBIT B

FORM OF WRITTEN REQUEST OF THE BORROWER (DRAW REQUEST / REQUISITION FROM PROJECT FUND)

To: The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") under the Trust Indenture dated as of October 1, 2020 (the "Indenture"), between Housing Authority of the City of San Diego and the Trustee; and

U.S. Bank National Association, as Bondholder ("Bondholder")

1. Borrower instructs (a) Bondholder to disburse \$ _____ to Trustee for deposit in the Bond Proceeds Account of the Project Fund pursuant to Section 3.08 of the Indenture and (b) Trustee to make a notation of such amount on the Principal Log on the date of receipt thereof.

2. Borrower instructs Trustee to disburse funds in the amount of the advance made pursuant to paragraph 1 hereof from the Bond Proceeds Account of the Project Fund pursuant to Section 6.07 of the Indenture in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. An invoice or other appropriate evidence of the obligations described on Schedule I is attached hereto.

3. Borrower certifies that:

(a) there has been received no notice (i) of any lien, right to lien or attachment upon, or claim affecting the right of the payee to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named therein, (ii) that any materials, supplies or equipment covered by such requisition are subject to any lien or security interest, or if any notice of any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released, discharged, insured or bonded over or will be released, discharged, insured or bonded over upon payment of the requisition, and (iii) this requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the certificate;

(b) the obligation stated on the requisition has been incurred in or about the acquisition or construction of the Project, each item is a proper charge against the Project Fund, and the obligation has not been the basis for a prior requisition that has been paid;

(c) such requisition contains no items representing any Costs of Issuance or any other amount constituting an issuance cost under Section 47(g) of the Code;

(d) not less than 95% of the sum of: (i) the amounts requisitioned by this Requisition from the Bond Proceeds Account of the Project Fund funded with proceeds of the Tax-Exempt Bonds plus (ii) all amounts previously disbursed from the Bond Proceeds Account of the Project Fund funded with proceeds of the Tax-Exempt Bonds, have been or will be applied by the Borrower to pay Qualified Project Costs;

(e) as of the date hereof, to the undersigned's knowledge, after due inquiry, 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, the Loan Agreement or the Construction and Convertible Term Bond Financing Agreement; and

4. Borrower hereby represents and warrants to Bondholder that:

(a) The requested Disbursement shall be applied to pay Project Costs in accordance with the itemized Disbursement Request attached hereto.

(b) At the date hereof no suit or proceeding at law or in equity, and no investigation or proceeding of any governmental body, has been instituted or, to the knowledge of Borrower, is threatened, which in either case would substantially affect the condition or business operations of Borrower, except the following:

[insert "None" if none]

(c) At the date hereof, no default or event of default under the Construction and Convertible Term Bond Financing Agreement or under any of the other Loan Documents has occurred and is continuing, and no event has occurred which, upon the service of notice and/or the lapse of time, would constitute an event of default thereunder, except the following:

[insert "None" if none]

(d) The representations and warranties set forth in Section 5 of the Construction and Convertible Term Bond Financing Agreement are hereby reaffirmed and restated, and Borrower represents and warrants to Bondholder that the same are true, correct and complete on the date hereof, except as to the following:

[insert "None" if none]

(e) No material adverse change has occurred in the financial condition or in the assets or liabilities of Borrower or any Guarantor from those set forth in the latest financial statements for each furnished to Bondholder, except the following:

[insert "None" if none]

(f) The progress of construction of the Project is such that it can be completed on or before the Completion Date specified in the Construction and Convertible Term Bond Financing Agreement for the cost originally represented to Bondholder, except for the following:

[insert "No Change" if no changes]

(g) The Loans, as of the date hereof, are in balance as required by the Construction and Convertible Term Bond Financing Agreement, and the undisbursed proceeds of the Loans, including the advance requested herein, are adequate and sufficient to pay for all labor, materials, equipment, work, services and supplies necessary for the completion of the Project, including the installation of all fixtures and equipment required for the operation of the Project, except for the following Project cost increases:

[insert "No Change" if no changes]

(h) The labor, materials, equipment, work, services and supplies described herein have been performed upon or furnished to the Project in full accordance with the Plans (as defined in the Construction and Convertible Term Bond Financing Agreement), which have not been

amended except as expressly permitted by the Construction and Convertible Term Bond Financing Agreement.

(i) There have been no changes in the costs of the Project from those set forth on the Sworn Construction Cost Statement (as defined in the Construction and Convertible Term Bond Financing Agreement), as amended by any amendment thereto heretofore delivered by Borrower to Bondholder and approved by Bondholder, if such approval is required by the Construction and Convertible Term Bond Financing Agreement.

(j) All bills for labor, materials, equipment, work, services and supplies furnished in connection with the Project, which could give rise to a mechanic's lien if unpaid, have been paid or will be paid out of the requested advance.

(k) All claims for mechanics' liens which shall have arisen or could arise for labor, materials, equipment, work, services or supplies furnished in connection with the Project through the last day of the period covered by the requested advance have been effectively waived in writing, or will be effectively waived in writing when payment is made, and such written waivers shall be delivered to Bondholder or its disbursing agent.

(l) All funds advanced under the Project Account to date have been utilized as specified in the Disbursement Requests pursuant to which the same were advanced, exclusively to pay costs incurred for or in connection with acquiring, constructing and developing the Land and the Project, and Borrower represents that no part of the proceeds of the Loans have been paid for labor, materials, equipment, work, services or supplies incorporated into or employed in connection with any project other than the Project. Borrower further represents that all funds covered by this Disbursement Request are for payment for labor, materials, equipment, work, services or supplies furnished solely in connection with said Project.

(m) All changes in the Plans, if any, have been made in accordance with the Construction and Convertible Term Bond Financing Agreement.

(n) No notice or any other information has been received relating to a reduction in the amount of tax credits available to the Project, and there has been no adverse change in the facts and circumstances necessary for the General Partner to receive the Scheduled Equity Contributions (as defined in the Construction and Convertible Term Bond Financing Agreement)

(o) The Disbursement Request spreadsheet attached to this Disbursement Request is true, complete and correct.

5. Borrower authorizes and requests Bondholder to charge the total amount of this Disbursement Request against Borrower's Loan account and to advance from the proceeds of the Loans the funds hereby requested, and to make or authorize disbursement of said funds to or for the account of the persons or firms and in amounts up to, but not exceeding, the amounts listed herein, subject to the requirements of and in accordance with the procedures provided in the Construction and Convertible Term Bond Financing Agreement. The advance made pursuant to this Disbursement Request is acknowledged to be an accommodation to Borrower and is not a waiver by Bondholder of any defaults or events of default under the Loan Documents or any other claims of Bondholder against Borrower, any Guarantor or the General Contractor.

6. Attached as Schedule I to this Requisition is an exhibit that sets out the Disbursement Request Spreadsheet detailing the requested payments.

Dated: _____ / ____ / ____

ULRIC STREET HOUSING ASSOCIATES,
L.P., a California limited partnership

By: _____

Name: _____

Title: _____

Approved By Bondholder:

U.S. BANK NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

SCHEDULE 1 TO EXHIBIT B
FORM OF DISBURSEMENT REQUEST SPREADSHEET
[to be provided]

EXHIBIT C

FORM OF INVESTOR LETTER

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

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 500
Los Angeles, California 90071
Attention: Corporate Trust

Re: Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments) Series 2020G-1 (Construction/Permanent), Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments) Series 2020G-2 (Construction), and Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments) Series 2020G-3 (Taxable)

Ladies and Gentlemen:

The undersigned (the "Investor") hereby acknowledges receipt of the above-referenced bonds (the "Bonds"), dated October __, 2020 in fully registered form and in the aggregate face amount (maximum principal amount) of \$_____. The Bonds have been checked, inspected and approved by the Investor.

The undersigned acknowledges that the Bonds were issued for the purpose of making three loans 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 loans are evidenced by the Loan Agreement dated as of October 1, 2020 (the "Loan Agreement"), by and between Housing Authority of the City of San Diego (the "Issuer") and Ulric Street Housing Associates, L.P. (the "Borrower"). The undersigned further acknowledges that the Bonds are secured by the Trust Indenture dated as of October 1, 2020 (the "Indenture") between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee, which creates a security interest in the Trust Estate for the benefit of the owner of the Bonds. All capitalized terms used and not otherwise defined herein have the meanings given them 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:

1. The Investor hereby certifies that it is a "Qualified Institutional Buyer" or an "Accredited Investor" (each such term as defined in the Indenture), and therefore has sufficient knowledge and experience in financial and business matters, including purchase and ownership of tax-exempt municipal obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.

2. 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 the purchase of the Bonds. 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.

3. The Investor understands that the Bonds have not been registered under the Act. The Investor acknowledges that the Issuer requires that, if the Bonds are disposed of by it, current information, including all current financial statements with respect to the Project, which meets the disclosure requirements of any applicable state and federal securities laws then in effect, concerning the Bonds and the Project must be furnished to any prospective Investor, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements. The Investor acknowledges that no disclosure document has been prepared in connection with the initial issuance and sale of the Bonds.

4. The Investor acknowledges that it is familiar with the conditions, financial and otherwise, of the Borrower and understands that the Borrower has no significant assets other than the Project for payment of the Bonds. 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 the Collateral (as defined in the Indenture). The Investor has made such inquiry with respect to all of the foregoing as it believed to be desirable for its purposes and acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Borrower, the Project and the Bonds and the security therefor so that, as a reasonable investor, the Investor has been able to make its decision to purchase the Bonds.

5. It is acknowledged that no written information has been provided by the Issuer to the Investor with respect to the Bonds and that any written information furnished by any other party to the transaction does not purport to fully disclose all information pertinent to the Bonds.

6. 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.

7. 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 the purchase of the Bonds.

8. In entering into this transaction the Investor has not relied upon any representations or opinions made by the Issuer relating to the legal provisions or other aspects of the Bond Documents or the Loan Documents, 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 Bond Documents or the Loan Documents, or the adequacy of the funds pledged to secure repayment of the Bonds. The Investor has further assumed sole responsibility for obtaining such information and making such review and investigation as the Investor has deemed necessary or desirable in connection with its

decision to purchase the Bonds. In this regard, the Investor has relied upon the advice of, or has consulted with, only its own advisors.

9. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the State of California or any political subdivision or taxing district thereof, including, without limitation, the Issuer; 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 are subject to further limitations as set forth in the Bonds and the Indenture.

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

11. 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 3.04 of the Indenture, including the requirement for the delivery to the Issuer an investor's letter in the same form as this Investor's Letter, including this paragraph 11. Failure to deliver such investor's letter shall cause the purported transfer to be null and void.

12. The Investor agrees to indemnify and hold harmless the Issuer, each officer, Commissioner or employee of the Issuer, and each person who controls the Issuer within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (collectively called the "Indemnified Parties"), against any and all losses, claims, damages, liabilities or expenses (including any legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions) whatsoever arising out of any sale, transfer or other disposition of the Bonds, or any interest therein, by Investor in violation of the provisions of Section 3.04 of the Indenture.

13. The Investor acknowledges and understands that, in permitting the Investor to purchase and own the Bonds without credit enhancement, the Issuer is relying and will continue to rely on the statements made herein.

Very truly yours,

[INVESTOR]

By: _____

Name: _____

Title: _____

EXHIBIT D

**FORM OF REQUISITION CERTIFICATE
COSTS OF ISSUANCE FUND**

Requisition No. _____

Date: _____

REQUISITION CERTIFICATE

TO: THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE UNDER THE TRUST INDENTURE DATED AS OF OCTOBER 1, 2020, BETWEEN THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO AND THE TRUSTEE.

The undersigned duly authorized representative of the Borrower hereby requests that _____, as trustee, disburse the amounts shown on Schedule I hereto in payment of the Costs of Issuance described thereon:

ULRIC STREET HOUSING ASSOCIATES,
L.P., a California limited partnership

By: _____

Name: _____

Title: _____

Approved By Bondholder:

U.S. BANK NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

SCHEDULE I
COSTS OF ISSUANCE

Payee

Purpose

Amount (\$)

MARKED TO SHOW CHANGES.

TRUST INDENTURE

between the

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

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee**

Dated as of October 1, 2020

Relating to:

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-1 (Construction/Permanent),**

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-2 (Construction),**

and

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-3 (Taxable)**

TRUST INDENTURE

This Trust Indenture, dated as of October 1, 2020 (this “Indenture”), is entered into by HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a public body, corporate and politic, organized and existing under the laws of the State of California (together with its successors and assigns, the “Issuer”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, in its capacity as trustee (together with any successor trustee or co-trustee appointed hereunder, the “Trustee”).

RECITALS:

WHEREAS, the Issuer is empowered pursuant to the provisions of Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code, as amended (the “Act”), to issue revenue bonds to provide financing for the acquisition, construction and rehabilitation of residential housing to be occupied by persons and families of low income; and

WHEREAS, by proceedings adopted pursuant to and in accordance with the provisions of the Act and to finance a portion of the costs of the acquisition and construction of multifamily rental housing facilities known as the ULRIC Street Apartments located in San Diego, California (the “Project”), the Issuer has authorized the issuance of its Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-1 (Construction/Permanent) in the principal amount of \$ _____ (the “Series G-1 Bonds”), its Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-2 (Construction) in the principal amount of \$ _____ (the Series G-2 Bonds”), and its Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-3 (Taxable) in the principal amount of \$ _____ (the “Series 2020G-3 Bonds,” and together with the Series 2020G-1 Bonds and the Series 2020G-2 Bonds, the “Bonds”); and

WHEREAS, pursuant to a Loan Agreement, dated as of October 1, 2020 (as more particularly defined herein, the “Loan Agreement”), between the Issuer and Ulric Street Housing Associates, L.P., a California limited partnership (the “Borrower”), the Issuer has agreed to issue the Bonds and lend the proceeds thereof to the Borrower in three loans comprised of a tax-exempt construction loan in the amount of \$ _____ (the “Tax-Exempt Construction Loan”), a taxable construction loan in the amount of \$ _____ (the “Taxable Construction Loan,” and together with the Tax-Exempt Construction Loan, the “Construction Loan”), and a tax-exempt convertible term loan in the amount of \$ _____ (the “Convertible Term Loan,” and together with the Construction Loan, 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, premium, if any, 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, the Borrower has delivered to the Issuer its promissory note dated October __, 2020 in an aggregate original principal amount equal to the principal amount of the Series 2020G-1 Bonds (as the same may be amended, supplemented, replaced or modified from time to time, the “Convertible Term Note”) and the Convertible Term Note evidences the Borrower’s obligation to repay the Convertible Term Loan; and

WHEREAS, the Borrower has delivered to the Issuer its promissory note dated October __, 2020 in an aggregate original principal amount equal to the principal amount of the Series 2020G-2 Bonds (as the same may be amended, supplemented, replaced or modified from time

to time, the “Tax-Exempt Construction Note”) and the Tax-Exempt Construction Note evidences the Borrower’s obligation to repay the Tax-Exempt Construction Loan; and

WHEREAS, the Borrower has delivered to the Issuer its promissory note dated October __, 2020 in an aggregate original principal amount equal to the principal amount of the Series 2020G-3 Bonds (as the same may be amended, supplemented, replaced or modified from time to time, the “Taxable Construction Note” and, together with the Tax-Exempt Construction Note and the Convertible Term Note, the “Notes”), and the Taxable Construction Note evidences the Borrower’s obligation to repay the Taxable Construction Loan; and

WHEREAS, the Issuer has made the Loans to the Borrower, subject to the terms and conditions of the Loan Agreement and this Indenture; and

WHEREAS, the obligations of the Borrower under the Loan Agreement and the Notes will be secured by, among other things, the Collateral (as hereinafter defined).

A G R E E M E N T :

NOW, THEREFORE, in consideration of the premises and the mutual promises, representations and agreements herein contained, and for other consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

The Issuer, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Bondholder (as hereinafter defined), and of other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, and to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds according to their tenor and effect, and to secure the performance and observance by the Issuer of all the covenants, agreements and conditions herein and in the Bonds contained, does hereby transfer, pledge and assign, without recourse, to the Trustee and its successors and assigns in trust forever, and does hereby grant a security interest unto the Trustee and its successors in trust and its assigns, in and to all and singular the property described in paragraphs (a), (b), (c) and (d) below (said property being herein referred to as the “Trust Estate”), to wit;

(a) All right, title and interest of the Issuer in, to and under the Loan Agreement (except the Unassigned Issuer’s Rights (as hereinafter defined)) and the Notes, including, without limitation, all rents, revenues and receipts derived by the Issuer from the Borrower relating to the Project and including, without limitation, all Pledged Revenues, Loan Payments and Additional Payments (as such terms are hereinafter defined) derived by the Issuer under and pursuant to, and subject to the provisions of, the Loan Agreement (except the Additional Payments to be made to parties other than the Bondholder, and except the Unassigned Issuer’s Rights); provided that the pledge and assignment made hereunder shall not impair or diminish the obligations of the Issuer under the provisions of the Loan Agreement;

(b) All right, title and interest of the Issuer in, to and under, together with all rights, remedies, privileges and options pertaining to, this Indenture and the Loan Agreement and all amendments, modifications, renewals and substitutions of either of the foregoing, and all other payments, revenues and receipts derived by the Issuer under and pursuant to, and subject to the provisions of, the Bond Documents, except the Additional Payments to be made to parties other than the Bondholder, and except for the Unassigned Issuer’s Rights;

“Act of Bankruptcy” means the filing of a petition in bankruptcy (or any other commencement of a bankruptcy or similar proceeding) by or against the Borrower, the General Partner or any Guarantor under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect; provided that, in the case of an involuntary proceeding, such proceeding is not dismissed within 90 days after the commencement thereof.

“Actual Debt Service” means, for the applicable period, all scheduled payments due pursuant to the Notes.

“Additional Payments” means the Third Party Fees and other payments payable pursuant to Sections 2.06 and 4.13 of the Loan Agreement.

“Affiliate” means, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person.

“Approved Accounting Method” means generally accepted accounting principles applicable to entities organized as the Borrower in the United States of America as of the date of the applicable financial report, or such other modified accrual or cash basis system of accounting approved by the Bondholder.

“Authorized Amount” means \$ _____, the maximum aggregate principal amount of Bonds authorized to be issued hereunder.

“Authorized Borrower Representative” means all officers of the sole member/ manager of the General Partner of the Borrower, and any other person or persons designated to act on behalf of the Borrower by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by an officer of the sole member/ manager of the General Partner of the Borrower, which certificate may designate an alternate or alternates.

“Authorized Denomination” means \$250,000 and any integral multiple of \$1.00 in excess thereof; provided, however, that any one Bond may be in a denomination less than \$250,000 in connection with a partial redemption of the Bonds pursuant to Article IV hereof, and ~~any one Bond of a series~~ may be in a denomination less than \$250,000 to the extent that it is in the amount of the then outstanding principal amount of the related series of the Bonds ~~is less than \$250,000~~.

“Authorized Issuer Representative” means the Chairman of the Issuer, the Vice Chairman of the Issuer, the Executive Director of the Issuer, the Senior Vice President of Real Estate of the San Diego Housing Commission, the Vice President of Real Estate Finance and Program Development 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.

“Bankruptcy Code” means the United States Bankruptcy Reform Act of 1978, as amended from time to time, or any substitute or replacement legislation.

“Bankruptcy Proceeding” has the meaning set forth in Section 3.01 of the Loan Agreement.

“Bonds” has the meaning set forth in the Recitals to this Indenture.

“Default Rate” means the lesser of five percent (5%) per annum in excess of the Variable Rate, or the maximum lawful rate of interest which may be charged, if any (computed on the basis of a 360-day year, actual days elapsed).

“Depository” means The Depository Trust Company (“DTC”) and its successors and assigns, or any other securities depository designated by the Issuer if DTC is no longer the Depository for the Bonds.~~in writing by the Bondholder and acceptable to the Issuer and the Trustee.~~

“Determination of Taxability” means (i) a determination by the Commissioner or any District Director of the Internal Revenue Service, (ii) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service, (iii) a determination by any court of competent jurisdiction, or (iv) receipt by the Trustee, at the request of the Bondholder, of an opinion of Bond Counsel, in any such case to the effect that the interest on the Bonds are includable in gross income for federal income tax purposes of the Bondholder or any former Bondholder, other than a Bondholder who is, or a former Bondholder who was, a “substantial user” (as such term is defined in Section 147(a) of the Code) of the Project or a Related Person; provided that no such Determination of Taxability under clause (i), (ii) or (iii) shall be deemed to have occurred (a) unless the Borrower has been afforded the opportunity to participate in contesting such determination, and (b) if the Borrower has elected to participate in contesting such determination in good faith and if the Borrower is proceeding with all applicable dispatch to prosecute such contest until the earlier of (A) a final determination from which no appeal may be taken with respect to such determination, or (B) abandonment of such appeal by the Borrower.

“Disbursed Amount” means, as the context may require (a) the principal portion of the Loans outstanding, (b) the principal portion of the Bonds Outstanding from time to time, as indicated on the Principal Logs attached to the Bonds and in the records of the Trustee, or (c) both.

“Electronic Notice” means notice through telecopy, telegraph, telex, facsimile, transmission, internet, e-mail or other electronic means of communication, capable of making a written record.

“Eligible Funds” means any moneys held by the Trustee in any fund or account hereunder and available, pursuant to the provisions hereof, to be used to pay principal of, premium, if any, or interest on, the Bonds.

“Environmental Laws” has the meaning set forth in the Construction and Convertible Term Bond Financing Agreement.

“Equity Account” means the account of that name established within the Project Fund pursuant to Section 6.02(b) of this Indenture.

“ERISA” means the Employment Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” means all members of a controlled group of corporations and all trades and business (whether or not incorporated) under common control and all other entities which, together with the Borrower, are treated as a single employer under any or all of Section 414(b), (c), (m) or (o) of the Code.

“Event of Default” has the meaning set forth in Section 9.01.

“Hazardous Substances” has the meaning set forth in the Construction and Convertible Term Bond Financing Agreement.

“Improvements” means the multifamily housing development to be constructed on the Land.

“Indemnified Party” has the meaning set forth in Section 4.14 of the Loan Agreement.

“Indenture” means this Trust Indenture, dated as of October 1, 2020, between the Issuer and the Trustee, and as may be supplemented, modified, restated or amended by one or more amendments or Supplemental Indentures.

“Independent,” when used with respect to any person, means a person who (a) is in fact independent, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, the Borrower, the Trustee, the Bondholder or any other Person participating in the Bonds financing (a “Financing Participant”) or in any obligor with respect to the Bonds or in any Affiliate of any Financing Participant or of any such obligor, and (c) is not connected with any Financing Participant or any such obligor as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

“Interest Payment Date” means the first calendar day of each month, commencing November 1, 2020, and ceasing on the earlier of the date of payment in full of the Bonds or the Maturity Date of the Series 2020G-1 Bonds. In any case where any Interest Payment Date is not a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day.

“Investment Agreement” means any investment agreement between the Trustee and the provider thereof approved by the Bondholder and the Borrower.

“Investor Letter” means an Investor Letter in the form set forth in Exhibit C hereto.

“Investor Limited Partner” means RSEP Holding, LLC, a Delaware limited liability company and Red Stone Equity Manager, LLC, a Delaware limited liability company, and any successor or assignee permitted under the Loan Agreement or admitted under the terms of the Partnership Agreement and constituting a Permitted Transfer under the Mortgage.

“Issuer” means the Housing Authority of the City of San Diego, a public body corporate and politic, organized and existing under the laws of the State of California, together with its successors and assigns.

“Issuer Authorizing Resolution” means resolution number HA-____ of the Issuer adopted on September 29, 2020 authorizing the issuance of the Bonds and the execution and delivery of the Issuer Documents.

“Issuer’s Fees” means the Issuer’s fees payable on the Closing Date and annually thereafter in accordance with Section 20 of the Regulatory Agreement.

“Land” means the parcel of real property located in the City of San Diego, California, on which the Improvements are located, as more particularly described in the Regulatory Agreement.

“Late Charge” means any amount due and payable as a late charge on overdue payments under any of the Notes, as provided in the Notes and in Section 2.08 of the Loan Agreement.

“Legal Requirements” means statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting all or part of the Project or any property or the construction, use, alteration or operation thereof, whether now or hereafter enacted and in force, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instrument, either of record or known to the Borrower, at any time in force affecting all or part of the Project, including any that may (i) require repairs, modifications or alterations in or to all or part of the Project, or (ii) in any way limit the use and enjoyment thereof.

“Liabilities” has the meaning set forth in Section 4.14 of the Loan Agreement.

“LIBOR Rate” means for each calendar month during the term of this Indenture, the ~~greater of (a) zero percent (0.0%) and (b) the~~ one-month LIBOR Rate quoted by Bondholder from Reuters Screen LIBOR01 Page or any successor thereto designated by Bondholder, which shall be that one-month LIBOR Rate in effect two (2) New York Banking Days prior to the Reprice Date adjusted for any reserve requirement and any subsequent costs arising from a change in government regulations, such rate rounded up to the nearest one-sixteenth percent and such rate to be reset monthly on each Reprice Date. If the initial ~~advance under the Notes occurs other~~Advance (as defined in the Construction and Convertible Term Bond Financing Agreement) occurs other than on the Reprice Date, then the initial one-month LIBOR Rate shall be that one-month LIBOR rate quoted by Bondholder two (2) New York Banking Days prior to the date of the initial ~~a~~Advance, which rate ~~(as rounded as described above)~~plus the percentage described above shall be in effect until the next Reprice Date. Bondholder’s internal records of applicable interest rates shall be determinative in the absence of manifest error.

“Licenses” means all certifications, permits, licenses and approvals, including certificates of completion and occupancy permits required for the legal use, occupancy and operation of the Project.

“Lien” means any interest, or claim thereof; in the Project securing an obligation owed to, or a claim by, any Person other than the owner of the Project, whether such interest is based on common law, statute or contract, including the lien or security interest arising from a deed of trust, mortgage, assignment, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” shall include reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting the Project.

“Loan Agreement” has the meaning set forth in the Recitals to this Indenture, as the same may be supplemented, amended or modified.

“Loan Agreement Default” means any event of default set forth in Section 7.01 of the Loan Agreement. A Loan Agreement Default shall “exist” if a Loan Agreement Default has occurred and is continuing beyond any applicable cure period.

“Loan Documents” means the Loan Agreement, the Notes, the Construction and Convertible Term Bond Financing Agreement, the Regulatory Agreement, the Mortgage, the Deed of Trust Assignment (as defined in the Construction and Convertible Term Bond Financing Agreement), any other “Loan Documents” as defined in the Construction and Convertible Term Bond Financing Agreement, related UCC financing statements, together with all other documents or agreements evidencing or relating to the Loans.

“Tax-Exempt Construction Loan” means the construction loan made by the Issuer to the Borrower from the proceeds of the Series 2020G-2 Bonds pursuant to the Loan Agreement and the Construction and Convertible Term Bond Financing Agreement, in the principal amount of \$ _____, as evidenced by the Tax-Exempt Construction Note.

“Tax-Exempt Construction Note” means the Construction Note (Tax-Exempt) of the Borrower evidencing the Tax-Exempt Construction Loan.

“Tax-Exempt Bonds” means, collectively, the Series 2020G-1 Bonds and the Series 2020G-2 Bonds.

“Taxable Construction Loan” means the construction loan made by the Issuer to the Borrower from the proceeds of the Series 2020G-3 Bonds pursuant to the Loan Agreement and the Construction and Convertible Term Bond Financing Agreement, in the principal amount of \$ _____, as evidenced by the Taxable Construction Note.

“Taxable Construction Note” means the Construction Note (Taxable) of the Borrower evidencing the Taxable Construction Loan.

“Taxes” means all real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against all or part of the Project.

“Third-Party Fees” means the Issuer’s Fees, the Trustee’s Fee and the Rebate Analyst’s Fee.

“Trust Estate” has the meaning set forth in the Granting Clauses of this Indenture.

“Trustee’s Fee” means a one-time acceptance fee for its counsel of \$1,000.00 due on the Closing Date and the annual administration fee of \$1,250.00 per each outstanding series of the Bonds payable annually in arrears advance on each October 1 the Closing Date and on each October 1 thereafter (based on each series then outstanding), commencing October 1, 2021.

“UCC” means the Uniform Commercial Code as in effect in the State.

“Unassigned Issuer’s Rights” means the Issuer’s rights to reimbursement and payment of its fees, costs and expenses and the Rebate Amount under Section 2.06 of the Loan Agreement, its rights of access under Section 4.16 thereof, its rights to indemnification under Section 4.14 thereof, its rights to expenses under Section 4.13 thereof, its rights to receive notices, reports and other statements, and its rights to consent to certain matters, as provided in this Indenture and the Loan Agreement.

“Variable Rate” means a rate of interest per annum equal to the sum of the LIBOR Rate in effect on such day, plus 175 basis points.

“Written Certificate,” “Written Certification,” “Written Consent,” “Written Direction,” “Written Notice,” “Written Order,” “Written Registration,” “Written Request,” and “Written Requisition” means a written certificate, direction, notice, order or requisition signed by an Authorized Borrower Representative, an Authorized Issuer Representative or an authorized representative of the Bondholder, and delivered to the Trustee, the Bondholder or such other Person as required under the Bond Documents.

Investors, except as otherwise allowed by the second paragraph of Section 3.04(e). The Bonds shall be issuable as fully registered bonds without coupons. The Bonds shall be numbered separately in such manner as the Trustee shall determine. Each series of the Bonds shall initially be issued as a single draw down bond with a stated principal amount of the maximum amount of such series set forth in Section 3.01(b); provided, however, that the principal amount due on such series shall be only such amount as has been ~~drawn down~~advanced by the Bondholder as part of the purchase price thereof from time to time ~~with respect thereto~~ pursuant to Section 3.08.

(d) Dated Date; Maturity. The Bonds of each series shall be dated as of the Closing Date and shall mature on the respective Maturity Date for the applicable series of the Bonds.

(e) Interest Rate; Accrual or Accretion of Interest.

(i) The Series 2020G-1 Bonds shall bear interest on the Disbursed Amount of such Bonds at the rate of interest on the Convertible Term Note; and interest on the unpaid principal balance of the Disbursed Amount of the Series 2020G-1 Bonds shall be computed on the basis of a 360-day year, but shall be charged for the actual number of days principal is unpaid. The Series 2020G-2 Bonds shall bear interest on the Disbursed Amount of such Bonds at the rate of interest on the Tax-Exempt Construction Note; and interest on the unpaid principal balance of the Disbursed Amount of the Series 2020G-2 Bonds shall be computed on the basis of a 360-day year, but shall be charged for the actual number of days principal is unpaid. The Series 2020G-3 Bonds shall bear interest on the Disbursed Amount of such Bonds at the rate of interest on the Taxable Construction Note; and interest on the unpaid principal balance of the Disbursed Amount of the Series 2020G-3 Bonds shall be computed on the basis of a 360-day year, but shall be charged for the actual number of days principal is unpaid. The Bondholder shall determine the rate of interest applicable to each series of the Bonds and will notify the Trustee, the Issuer and the Borrower of such rates at least two Business Days prior to each Interest Payment Date. If an Event of Default occurs, interest on the Bonds shall begin to accrue at the Default Rate.

(ii) Any determination of the interest on the Bonds by the Bondholder shall be conclusive absent manifest error. Interest on each series of the Bonds shall be computed by the Bondholder and provided to the Trustee. The Trustee shall not be held liable for any errors in the computation of interest.

(iii) Interest on each Disbursed Amount of any respective series of the Bonds shall accrue from the day the Bondholder advances an installment for the purchase price thereof; provided that interest on the Disbursed Amount of any respective series of the Bonds funded subsequent to the Closing Date shall accrue from the Interest Payment Date next preceding such funding date, unless (A) funded prior to the first Interest Payment Date, in which event interest on such Bonds shall accrue from the Closing Date, or (B) funded on an Interest Payment Date, in which event interest on such Bonds shall accrue from such Interest Payment Date. If, as shown by the records of the Trustee, interest on the Bonds is in default, interest on a Bond issued in exchange for a Bond surrendered for registration of transfer or exchange shall accrue from the date to which interest has been paid in full on the related Bonds, or, if no interest has been paid on the related Bonds, from the Closing Date. The amount of interest payable on the Bonds on each Interest Payment Date shall be the amount of interest accrued thereon from the preceding Interest Payment Date (or other date as described above) to, but not including, the Interest Payment Date on which interest is being paid.

(f) Interest Payments. Interest shall be due and payable on the Bonds, in arrears, on each applicable Interest Payment Date. Priority of Interest Payments shall be provided in Section 6.04(c). In any case where any Interest Payment Date is not a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day and the extension of time shall be included in the computation of interest and fees.

(g) Principal Payments. Principal of each series of the Bonds shall be payable as provided herein on the applicable Maturity Date for such series and upon redemption or acceleration thereof.

(h) Payment of Bond Payment Obligation. Payments of the Bond Payment Obligation shall be made on the applicable Interest Payment Dates to the Bondholder of the respective Bonds as provided herein. The Bond Payment Obligation shall be payable in lawful money of the United States of America by check drawn upon the Trustee and mailed by first-class mail, postage prepaid, on the Interest Payment Date to the person or persons in whose name the respective Bonds are registered in the Bond Register at the close of business on the Record Date, except that if the respective Bondholder so elects, any payment of Bond Payment Obligation due to a Bondholder shall be made by electronic transfer of federal reserve funds to any account in the United States of America designated by the respective Bondholder if the Bondholder, at its expense, (i) so directs by Written Notice delivered to the Trustee at least ten (10) Business Days before the date upon which such electronic transfer or other arrangement is to be made and (ii) otherwise complies with the reasonable requirements of the Trustee. Notwithstanding anything in this Indenture to the contrary, all Bond Payment Obligations shall be made by electronic transfer of federal reserve funds to the Bondholder at the request thereof, if such Bondholder owns 100% of the Bonds without the requirement of surrender under any circumstance.

(i) No Presentation. No presentation or surrender of the Bonds shall be required in connection with any redemption of the Bonds. The Trustee shall maintain a record of the remaining principal amount of each series of the Bonds Outstanding and shall, upon any transfer or exchange, issue the replacement Bonds of the same series in the principal amount then Outstanding.

Section 3.02. Form of Bonds. The Bonds and the certificate of authentication thereof shall be in the form set forth in Exhibit A attached hereto, as applicable, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture. The Bonds may be typewritten, printed, engraved, lithographed or otherwise produced. ~~Unless requested by the Bondholder and at the expense of the Bondholder, (a) no rating shall be sought~~ The Bonds (a) shall not be assigned a rating from a Rating Agency ~~with respect to any of the Bonds, (b) the Bonds shall not have been offered pursuant to any type of offering document or official statement, and (c) no~~ shall not be assigned a CUSIP number or numbers ~~has been assigned to any of the Bonds.~~

Section 3.03. Execution; Authentication.

(a) The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of any Authorized Issuer Representative, and attested by the manual or facsimile signature of the Secretary or a Deputy Secretary of the Issuer. In case any officer of the Issuer whose signature or whose facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until such delivery, and also the Bonds may be signed by such persons as at the actual time of the execution of the Bonds shall be the proper officers to sign the Bonds although at the date of the Bonds such persons may not have been such officers.

(b) No Bonds shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless there shall be endorsed on such Bonds a certificate of authentication in the form set forth in such Bonds duly executed by the Trustee by the manual signature of an authorized signatory thereof, and such certificate of the Trustee upon any Bonds executed on behalf of the Issuer shall be conclusive evidence that the Bonds so authenticated has been duly issued hereunder and that the Bondholder thereof is entitled to the benefits of this Indenture.

Section 3.04. Registration; Transfer and Exchange.

(a) The Trustee shall maintain the Bond Register, at the Office of the Trustee, in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration of the Bonds and registration of transfers of the Bonds entitled to be registered or transferred as herein provided.

(b) Subject to subsection (e) of this Section, upon the initial issuance of Bonds, upon surrender for transfer of the Bonds at the Office of the Trustee and upon presentation of the Bonds for exchange for the Bonds of other Authorized Denominations, the Issuer shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, a new Bonds of the same series of Authorized Denominations and of like principal amounts.

(c) Any Bonds surrendered upon any exchange or transfer provided for in this Indenture shall be promptly canceled by the Trustee and retained by the Trustee in accordance with its document retention policies.

(d) Any Bonds issued upon any transfer or exchange of a Bond shall be the valid obligation of the Issuer and entitled to the same security and benefits hereunder as the Bonds surrendered upon such transfer or exchange.

(e) Unless the Bonds are rated "A" (or equivalent and without regard to a modifier) or better by a Rating Agency, the Bonds (and any interests therein) shall be sold and subsequently transferred only to purchasers that execute and deliver to the Trustee an Investor Letter in substantially the form attached as Exhibit C. Every Bond presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer.

The Bonds can only be transferred in Authorized Denominations, and only to (A) an entity that is an Qualified Institutional Buyer or, ~~with the prior written consent of the Issuer,~~ to an entity that is an Accredited Investor, or (B) an Affiliate of the Bondholder or a trust or custodial arrangement established by the Bondholder or one of its Affiliates the owners of the beneficial interests in which are required to be Qualified Institutional Buyers.

(f) Nothing contained in this Section 3.04 shall be deemed to limit or otherwise restrict the sale by any Bondholder of any participation interests in any Bonds; provided that the Bondholder selling such interests remains the Bondholder of record of such Bond following the sale of any such participation interests; (B) the purchaser of the participation interests is a Qualified Institutional Buyer; and (C) any such participation shall be in a principal amount of at least an Authorized Denomination. The Bondholder shall provide written notice to the Issuer identifying any person or entity acquiring a participation interest in the Bonds.

(g) No service charge shall be made for any transfer or exchange of the Bonds, but the Issuer or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of the

Bonds. Such sums shall be paid in every instance by the transferor or transferee of the Bonds. If the Bondholder fails to provide a correct taxpayer identification number to the Trustee, the Trustee may impose a charge against such Bondholder sufficient to pay any governmental charge required to be paid as a result of such failure and such amount may be deducted by the Trustee from amounts otherwise payable to such Bondholder hereunder or under the Bonds.

(h) The Trustee shall not be required (i) to transfer or exchange the Bonds during any period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of the Bonds and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange the Bonds so selected for redemption, or (iii) to transfer the Bonds without receipt of a duly executed Investor Letter to the extent required by subsection (e) above.

Section 3.05. Mutilated Destroyed, Lost and Stolen Bonds and Registered Coupons.

(a) If (i) any mutilated Bonds are surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of a Bond, and (ii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee, then, in the absence of notice to the Trustee that such Bonds have been acquired by a bona fide purchaser, the Issuer shall execute and the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bonds, a new Bonds of like series, tenor and principal amount, bearing numbers not then Outstanding.

(b) Upon the issuance of a new Bond under this Section, the Issuer may require the payment by the Bondholder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses connected therewith.

(c) Every replacement Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond shall constitute an original contractual obligation of the Issuer, and shall be entitled to all the security and benefits of this Indenture.

(d) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed lost or stolen Bonds.

Section 3.06. Person Deemed Owner. The Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the person in whose name a Bond is registered as the owner of the Bond for the purpose of receiving payment of the Bond Payment Obligation and for all other purposes whatsoever, whether or not payment on the Bond is overdue, and, to the extent permitted by law, none of the Issuer, the Trustee or any such agent shall be affected by notice to the contrary.

Section 3.07. Cancellation. Any Bonds surrendered for payment, redemption, transfer or exchange shall be promptly canceled and retained by the Trustee in accordance with its document retention policies. No Bonds shall be authenticated in lieu of or in exchange for any Bonds canceled as provided in this Section, except as expressly provided by this Indenture.

Section 3.08. Drawdown Bond Provisions. Upon receipt of a Written Requisition and subject to the terms and conditions hereof and of the Loan Agreement and the Construction and Convertible Term Bond Financing Agreement, the Bondholder shall fund the purchase price of the Bonds from time to time to provide funds for deposit in the Bond Proceeds Account of the Project Fund for the payment of the amounts requested in such Written Requisitions. The amounts advanced by the Bondholder shall be deemed to be Disbursed Amounts of the Series 2020G-1 Bonds until the maximum principal amount of such series of the Bonds has been advanced, Disbursed Amounts of the Series 2020G-2 Bonds until the maximum principal

amount of such series of the Bonds has been advanced, and then Disbursed Amounts of the Series 2020G-3 Bonds.

Amounts funded on the Bonds shall be noted on the applicable Principal Log and acknowledged thereon by the Trustee, provided the Trustee may maintain any Principal Log through its electronic recordkeeping system in lieu of a manual paper copy. Such amounts shall constitute Disbursed Amounts, and shall begin to accrue interest, only upon deposit by the Bondholder of such funds with the Trustee for credit to the Project Fund.

Notwithstanding anything herein to the contrary, the aggregate purchase price of the Bonds of a series funded by the Bondholder shall never exceed the maximum amount for such series in Section 3.01(b), and, in absence of a No Adverse Effect Opinion, no draws may be funded after October 1, 2023. The Issuer hereby elects to apply the alternative option under clause (2) of the first paragraph of Section 3.01 of IRS Notice 2011-63 with respect to the issue date of the Bonds; and, in connection therewith, has directed Bond Counsel to include the information on Form 8038 filed for the Bonds that is required by Section 3.03 of said Notice.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Optional Redemption.

(a) The Series 2020G-1 Bonds may be redeemed in whole or in part on any Business Day upon prepayment of the Convertible Term Note by the Borrower pursuant to Section 2.10 of the Loan Agreement, to the extent permitted under the Construction and Convertible Term Note Bond Financing Agreement. The Series 2020G-1 Bonds may be redeemed pursuant to this Section 4.01 on any date on which the Convertible Term Note may be prepaid pursuant to its terms at the Redemption Price and upon notice to the Bondholder given by the Trustee in accordance with Section 4.08. No such optional redemption of Series 2020G-1 Bonds shall be permitted unless the Trustee shall have received Eligible Funds in an amount that will be sufficient to pay the Redemption Price of the Series 2020G-1 Bonds not less than one Business Day prior to the date that the Series 2020G-1 Bonds are to be redeemed.

The Series 2020G-2 Bonds may be redeemed in whole or in part on any Business Day upon prepayment of the Tax-Exempt Construction Note by the Borrower pursuant to Section 2.10 of the Loan Agreement, to the extent permitted under the Tax-Exempt Construction Note and Convertible Term Bond Financing Agreement. The Series 2020G-2 Bonds may be redeemed pursuant to this Section 4.01 on any date on which the Tax-Exempt Construction Note may be prepaid pursuant to its terms at the Redemption Price and upon notice to the Bondholder given by the Trustee in accordance with Section 4.08. No such optional redemption of Series 2020G-2 Bonds shall be permitted unless the Trustee shall have received Eligible Funds in an amount that will be sufficient to pay the Redemption Price of the Series 2020G-2 Bonds not less than one Business Day prior to the date that the Series 2020G-2 Bonds are to be redeemed.

The Series 2020G-3 Bonds may be redeemed in whole or in part on any Business Day upon prepayment of the Taxable Construction Note by the Borrower pursuant to Section 2.10 of the Loan Agreement, to the extent permitted under the Taxable Construction Note and Convertible Term Bond Financing Agreement. The Series 2020G-3 Bonds may be redeemed pursuant to this Section 4.01 on any date on which the Taxable Construction Note may be prepaid pursuant to its terms at the Redemption Price and upon notice to the Bondholder given by the Trustee in accordance with Section 4.08. No such optional redemption of Series 2020G-3 Bonds shall be permitted unless the Trustee shall have received Eligible Funds in an amount

that will be sufficient to pay the Redemption Price of the Series 2020G-3 Bonds not less than one Business Day prior to the date that the Series 2020G-3 Bonds are to be redeemed.

(b) The Borrower may exercise any of the options in 4.01(a) by giving Written Notice to the Issuer, the Trustee, and the Bondholder, of its election to prepay the respective Note, not less than 20 days prior to the proposed redemption date. Any such notice shall specify the related Note to be prepaid and the date fixed for optional redemption and contain a certification of the Borrower to the effect that all conditions precedent to such optional redemption have been (or will be, as of the optional redemption date) satisfied. The Bondholder shall, not less than 5 days prior to the date set for such optional redemption, deliver a Written Certificate to the Trustee and to the Borrower setting forth the amount of accrued interest that will be due and payable on the Bonds to be redeemed as of the date fixed for optional redemption.

Section 4.02. Redemption From Amounts Transferred From Project Fund or Redemption Reserve Fund.

(a) The Bonds shall be redeemed in whole or in part, in the event and to the extent amounts remaining in the Bond Proceeds Account of the Project Fund are transferred to the Bond Fund pursuant to Section 6.07(e), on the first Interest Payment Date for which notice of redemption can be given in accordance with Section 4.08, at the Redemption Price. Such amount shall be applied to the redemption (i) first, ~~of to~~ any Series 2020G-3 Bonds Outstanding, (ii) then to any Series G-2 Bonds Outstanding, and (iii) then to any Series G-1 Bonds Outstanding.

(b) At the Written Direction of the Bondholder specifying the principal amount and the series of Bonds to be redeemed, Bonds of such series shall be redeemed in whole or in part from amounts in the Redemption Reserve Fund on the earliest Business Day for which notice can be given as required by Section 4.08 at the Redemption Price.

Section 4.03. Mandatory Redemption.

(a) The Series 2020G-1 Bonds shall be redeemed in whole or in part at the Written Direction of ~~the applicable~~its Bondholder, upon prepayment of the Convertible Term Note by the Borrower as required by Section 2.11 of the Loan Agreement on the earliest Business Day for which notice can be given in accordance with Section 4.08 at the Redemption Price.

The Series 2020G-2 Bonds shall be redeemed in whole or in part at the Written Direction of ~~the applicable~~its Bondholder, upon prepayment of the Tax-Exempt Construction Note by the Borrower as required by Section 2.11 of the Loan Agreement on the earliest Business Day for which notice can be given in accordance with Section 4.08 at the Redemption Price.

The Series 2020G-3 Bonds shall be redeemed in whole or in part at the Written Direction of ~~the applicable~~its Bondholder, upon prepayment of the Taxable Construction Note by the Borrower as required by Section 2.11 of the Loan Agreement on the earliest Business Day for which notice can be given in accordance with Section 4.08 at the Redemption Price.

(b) The Series 2020G-1 Bonds shall be subject to redemption in whole or in part at a price equal to the principal amount of Series 2020G-1 Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, plus a Premium equal in amount to any premium payable pursuant to the Construction and Convertible Term ~~Note~~Bond Financing Agreement in connection with any scheduled principal payment or any mandatory prepayment of the principal of the Convertible Term Note (as required or permitted under the terms of the Construction and Convertible Term ~~Note~~Bond Financing Agreement), upon the date of any such

scheduled payment or mandatory or voluntary prepayment of the Convertible Term Note in whole or in part.

The Series 2020G-2 Bonds shall be subject to redemption in whole or in part at a price equal to the principal amount of Series 2020G-2 Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, plus a Premium equal in amount to any premium payable pursuant to the ~~Tax-Exempt~~ Construction Note and Convertible Term Bond Financing Agreement in connection with any scheduled principal payment or any mandatory prepayment of the principal of the Tax-Exempt Construction Note (as required or permitted under the terms of the ~~Tax-Exempt~~ Construction Note and Convertible Term Bond Financing Agreement), upon the date of any such scheduled payment or mandatory or voluntary prepayment of the Tax-Exempt Construction Note in whole or in part.

The Series 2020G-3 Bonds shall be subject to redemption in whole or in part at a price equal to the principal amount of Series 2020G-3 Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, plus a Premium equal in amount to any premium payable pursuant to the ~~Taxable~~ Construction Note and Convertible Term Bond Financing Agreement in connection with any scheduled principal payment or any mandatory prepayment of the principal of the Taxable Construction Note (as required or permitted under the terms of the ~~Taxable~~ Construction Note and Convertible Term Bond Financing Agreement), upon the date of any such scheduled payment or mandatory or voluntary prepayment of the Taxable Construction Note in whole or in part.

(c) The Series 2020G-~~12~~ Bonds ~~and the Series 2020G-3 Bonds~~ shall be subject to redemption in whole on the ~~Initial~~ earlier of (i) its Maturity Date, or ~~(ii) the if applicable, the Extended Initial~~ Maturity Date for the Convertible Term Loan, as "Maturity Date" is, as such terms are defined in the Construction and Convertible Term Bond Financing Agreements, at the Redemption Prices of such Bonds.

Section 4.04. Redemption for Loan Agreement Default. The Bonds shall be redeemed in whole or in part upon the acceleration of the Notes pursuant to Section 7.02 of the Loan Agreement and upon Written Direction of the Bondholder, to the Trustee, in the event of the occurrence of a Loan Agreement Default and the expiration of the applicable cure period or notice and cure period, if any, specified therein, on the earliest Business Day for which notice can be given as required by Section 4.08, at the Redemption Price.

Section 4.05. Mandatory Redemption upon Determination of Taxability. The Bonds shall be redeemed in whole upon a Determination of Taxability and upon Written Direction of the Bondholder, on the earliest Business Day for which notice can be given in accordance with Section 4.08, at the Redemption Price.

Section 4.06. Notice of Redemption. Not less than 15 days, nor more than 30 days (or such longer or shorter period as shall be acceptable to the Trustee and the Bondholder), before the redemption date of any Bonds to be redeemed, the Trustee shall cause a notice of any such redemption to be mailed by first-class mail, postage prepaid, to the applicable Bondholder (with a copy to the Borrower, the Investor Limited Partner and the Issuer); provided, however, notice shall not be required for any redemption of the Bonds from the proceeds of a scheduled payment of principal of the Loans under the terms of the Notes or an optional prepayment by the Borrower of principal of the Loans under the terms of the Notes. Such notice shall also be given ("Additional Notice") by Electronic Notice, or by registered, certified or overnight mail, ~~promptly confirmed in writing, to the Depository and to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA") or any other disclosure service approved by the Securities and Exchange Commission in accordance with the Exchange Act;~~

~~provided, however, that no such Additional Notice shall be required if a CUSIP number for the Bonds is a prerequisite thereto and has not otherwise been obtained.~~ The redemption notice shall identify the series of the Bonds and the portion of the principal thereof to be redeemed and shall state:

- (a) the date of such notice and the redemption date;
- (b) the Redemption Price;
- (c) the original date of execution and delivery of the Bonds to be redeemed;
- (d) the interest borne by the Bonds to be redeemed;
- (e) the Maturity Date of the Bonds to be redeemed;
- (f) the number and CUSIP number, if any, of the Bonds to be redeemed;
- (g) that the Redemption Price of any Bonds are payable only upon the surrender of the respective Bonds to the Trustee and the address at which the Bonds must be surrendered; and
- (h) that interest on the Bonds called for redemption ceases to accrue on the redemption date, provided that, subject to the last paragraph of Section 4.08, on such redemption date Eligible Funds are on deposit in the Bond Fund sufficient to pay the Redemption Price of the Bonds to be redeemed in full.

Notwithstanding the foregoing, no advance notice of redemption shall be required during any time that U.S. Bank National Association is the sole Bondholder.

Any notice given and made pursuant to this Section may state that such redemption shall be conditioned (“Conditional Notice”) upon the receipt by the Trustee on or prior to the date fixed for such redemption of Eligible Funds sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed or upon the occurrence of such other event or condition as shall be set forth in such Conditional Notice, and that, if such Eligible Funds shall not have been so received, or if such other event or condition shall have occurred or failed to occur (as the case may be), such Conditional Notice shall be of no force and effect and the redemption of the Bonds specified in the Conditional Notice shall no longer be required. The Trustee shall within a reasonable time thereafter give notice, in the manner in which the original Conditional Notice was given, of the cancellation of such redemption.

Section 4.07. Deposit of Redemption Price. Except as provided in Section 4.01, on or prior to any redemption date, and as a condition to such redemption or purchase, the Borrower shall, only to the extent of amounts due under the Notes and the Loan Agreement, deposit or cause there to be deposited with the Trustee or applied in accordance with this Indenture, Eligible Funds in an amount sufficient to pay the Redemption Price of the Bonds to be redeemed on that date. Such money shall be held in trust for the benefit of the Person entitled to such Redemption Price and shall not be deemed to be part of the Trust Estate.

Section 4.08. Bonds Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Bonds or portions thereof designated for redemption shall become due and payable on the redemption date at the Redemption Price and, from and after such date (unless the Borrower shall default in the payment of the Redemption Price with Eligible Funds), the Bonds or portions thereof shall cease to bear interest from and after the redemption date

(h) An executed counterpart of an Investor Letter executed by the Bondholder;
and

(i) Such other certificates, documents or opinions which the Issuer or the Bondholder or their counsel may require.

Following the initial delivery of Bonds on the Closing Date, subsequent advances of the purchase price of the Bonds (the "Disbursement Amounts") shall be made in accordance with the conditions precedent set forth in the Loan Agreement and the Construction and Convertible Term Bond Financing Agreement.

Section 5.02. Initial Deposits; Application of Bond Proceeds and Other Funds. The Trustee shall deposit the proceeds derived from sale of the Bonds from time to time and amounts received from or on behalf of the Borrower, as follows:

(a) The Trustee shall deposit the initial Disbursed Amount of the Bonds (\$ _____) on the Closing Date, which shall be attributable to the Series 2020G-1 Bonds, to the Bond Proceeds Account of the Project Fund.

(b) After the Closing Date, the Trustee shall deposit sale proceeds of the Bonds received from time to time from the Bondholder pursuant to the terms hereof in the Bond Proceeds Account of the Project Fund, such proceeds to be attributable to the respective series of the Bonds as provided in the first paragraph of Section 3.08.

(c) The Trustee shall deposit any Borrower equity proceeds and any subordinate loan proceeds received by it from the title company serving as the escrow agent for the recording of the Mortgage, or otherwise from or on behalf of the Borrower, into the Equity Account of the Project Fund.

ARTICLE VI

PLEDGE; FUNDS

Section 6.01. Pledge of Revenues and Assets. The pledge and assignment of and the security interest granted in the Trust Estate pursuant to the Granting Clauses hereof for the payment of the principal of, premium, if any, and interest on the Bonds, in accordance with their terms and provisions, and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Bonds by the Trustee or by any person authorized by the Trustee to deliver the Bonds. The Trust Estate so pledged and then or thereafter received by the Trustee shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

Section 6.02. Establishment of Funds. There are established with the Trustee the following trust funds:

(a) the Bond Fund;

(b) the Project Fund (and therein the Bond Proceeds Account and the Equity Account);

Section 9.13. Waiver of Appraisalment and Other Laws.

(a) To the extent permitted by law, the Issuer will not at any time insist upon, plead, claim or take the benefit or advantage of, any appraisalment, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Indenture; and the Issuer, for itself and all who may claim under it, so far as it or they now or hereafter may lawfully do so, hereby waives the benefit of all such laws. The Issuer, for itself and all who may claim under it, waives, to the extent that it may lawfully do so, all right to have the property in the Trust Estate marshaled upon any enforcement hereof.

(b) If any law in this Section referred to and now in force, of which the Issuer or its successor or successors might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section.

Section 9.14. Suits to Protect the Trust Estate. Subject to the provisions of Section 9.11 hereof, the Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts that may be unlawful or in violation of this Indenture and to protect its interests and the interests of the Bondholder in the Trust Estate and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Bondholder or the Trustee. The Trustee shall provide written notice to the Issuer, the Bondholder and the Investor Limited Partner of the institution of any such proceedings.

Section 9.15. Remedies Subject to Applicable Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

Section 9.16. Cure by Investor Limited Partner. The Issuer, the Trustee and the Bondholder hereby agree that cure of any Default or Event of Default made or tendered by the Investor Limited Partner on behalf of the Borrower 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, provided that the Investor Limited Partner's right to cure shall not extend any cure period. The Trustee and the Bondholder shall provide to the Investor Limited Partner a copy of any default notice delivered to the Borrower hereunder, which copy shall be delivered at the same time and in the same manner as delivered to the Borrower hereunder, provided, however, that failure to provide a copy of such notice to the Investor Limited Partner or the Investor Limited Partner's failure to receive such notice shall in no event be considered a default hereunder.

ARTICLE X

THE TRUSTEE

Section 10.01. Appointment of Trustee; Acceptance. [The Bank of New York Mellon Trust Company, N.A.](#) is hereby appointed as Trustee hereunder and hereby accepts such appointment. The Trustee shall signify its acceptance of the duties and obligations imposed

Section 11.05. Notation of Modification on Bonds; Preparation of New Bonds. Any Bonds authenticated and delivered after the execution of any Supplemental Indenture pursuant to the provisions of this Article may bear a notation, in form approved by the Trustee and the Issuer, as to any matter provided for in such Supplemental Indenture, and if such Supplemental Indenture shall so provide, a new Bonds, so modified as to conform, in the opinion of the Trustee and the Issuer, to any modification of this Indenture contained in any such Supplemental Indenture, may be prepared by the issuer, at the expense of the Borrower, authenticated by the Trustee and delivered without cost to the Bondholder of the Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

Section 11.06. Amendments to Loan Agreement and Bond Documents. The Issuer and Trustee shall not consent to any amendment, change or modification of the Bond Documents, the other Loan Agreement or any other Loan Document without the prior written consent of the Bondholder.

ARTICLE XII

DEFEASANCE

Section 12.01. Satisfaction and Discharge of Indenture. Whenever all Bond Payment Obligation have been fully paid and the Bonds are no longer Outstanding, and all fees, costs and expenses due and payable hereunder and under the other Bond Documents have been paid in full, then (a) this Indenture and the lien, rights and interests created hereby shall cease, terminate and become null and void (except as to any surviving rights of transfer or exchange of the Bonds herein or therein provided for) and (b) the Trustee shall execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver all cash and securities then held by it hereunder as a part of the Trust Estate pursuant to Section 6.11.

Section 12.02. Trust for Payment of Debt Service.

(a) The Issuer shall, at the Written Request of the Borrower, on any date provide for the payment of the Bonds by establishing an escrow (at the sole expense of the Borrower) for such purpose with the Trustee and depositing therein cash and/or Government Obligations (as set forth in the Borrower's Written Request) that (assuming the due and punctual payment of the principal of and interest on such Government Obligations, but without reinvestment) will provide funds sufficient to pay the principal, premium, if any, and interest on the Bonds as the same become due and payable until the maturity or redemption of the Bonds; provided, however, that

(i) such Government Obligations must not be subject to redemption prior to their respective maturities at the option of the issuer of such Government Obligations,

(ii) if the Bonds are to be redeemed prior to their maturity, either (A) the Trustee shall receive evidence that irrevocable written notice of such redemption has been given in accordance with the provisions of this Indenture and the Bonds or (B) the Issuer shall confer on the Trustee irrevocable written authority for the giving of such notice on behalf of the Issuer,

(iii) prior to the establishment of such escrow the Issuer, the Trustee and the Bondholder must receive (A) an Opinion of Counsel substantially to the effect that upon the occurrence of an Act of Bankruptcy, money and investments in such trust will not be

recoverable from the Trustee or the Bondholder under provisions of the Bankruptcy Code relating to voidable preferences, and (B) a No Adverse Effect Opinion addressed to the Issuer and the Trustee, and

(iv) prior to the establishment of such escrow, the Trustee must receive a report by an independent certified public accountant stating in effect that the principal and interest payments on the Government Obligations in such escrow, without reinvestment, together with the cash initially deposited therein, will be sufficient to make the required payments from such trust.

(b) Cash and/or Government Obligations deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate, irrevocable trust fund for the benefit of the Bondholder to be paid from such fund. The Trustee shall apply such cash and the principal and interest payable on such Government Obligations solely to the payment of the principal of and premium, if any, and interest on the Bonds.

(c) The obligations hereunder relating to paying agent, registrar and transfer agent functions and the provisions of Section 6.08 and Article X shall survive defeasance.

(d) No defeasance escrow will be established with the Trustee pursuant to this Article XII without the Written Consent of the Bondholder.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Notices.

(a) All notices, demands, requests and other communications required or permitted to be given by any provision of this Indenture shall be in writing and sent by first-class, regular, registered or certified mail, commercial delivery service, overnight courier, air or other courier, hand delivery, or electronic transmission (with confirmation of receipt of such transmission) to the party to be notified addressed as follows:

| | |
|-------------------|--|
| If to the Issuer: | Housing Authority of the City of San Diego 1122 Broadway, Suite 300 San Diego, California 92101 Attention: Executive Director Phone: (619) 578-7575 Facsimile: (619) 578-7356 |
|-------------------|--|

| | |
|--------------------|--|
| If to the Trustee: | [to come] <u>The Bank of New York Mellon Trust Company, N.A. 400 South Hope Street, Suite 500 Los Angeles, California 90071 Attention: Corporate Trust</u> |
|--------------------|--|

| | |
|---------------------|---|
| If to the Borrower: | Ulric Street Housing Associates, L.P. c/o Community Housing Works 3111 Camino del Rio North, Suite 800 San Diego, California 92108 Attention: Senior Vice President <u>and CEO</u> |
|---------------------|---|

with a copy to: Gubb & Barshay LLP
505 - 14th Street, Suite 450
Oakland, California 94612
Attention: Nicole Kline, Esq.

If to the Bondholder: U.S. Bank National Association
c/o US Bancorp Community Development
Corporation
1307 Washington Avenue, Suite 300
Mail Code SL MO RMCD
St. Louis, Missouri 63103
Attention: Director of CLD Asset Management
Email: nami.mcklendin@usbank.com

with a copy to: Davis Wright Tremaine LLP
865 S. Figueroa Street, Suite 2400
Los Angeles, California 90017
Attention: Nancy B. Clapp, Esq.

If to Investor Limited Partner: RSEP Holding, LLC
c/o Red Stone Equity Partners, LLC
1100 Superior Avenue, Suite 1640
Cleveland, Ohio 44114
Attention: General Counsel

with a copy to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, California A 90071
Attention: [Kyle Arndt](#)[Daryll Kidd](#)

Any such notice, demand, request or communication shall be deemed to have been given and received for all purposes hereunder: (i) three Business Days after the same is deposited in any official depository or receptacle of the United States Postal Service first-class, or, if applicable, certified mail, return receipt requested, postage prepaid; (ii) on the next Business Day after the same is deposited with a nationally recognized overnight delivery service that guarantees overnight delivery; and (iii) on the date of actual delivery to such party by any other means; provided, however, if the day such notice, demand, request or communication shall be deemed to have been given and received as aforesaid is not a Business Day, such notice, demand, request or communication shall be deemed to have been given and received on the next Business Day; and provided further, that notices to the Trustee shall not be deemed to be given until actually received by the Trustee. Any facsimile signature by a Person on a document, notice, demand, request or communication required or permitted by this Indenture shall constitute a legal, valid and binding execution thereof by such Person.

Any party to this Indenture may change such party's address for the purpose of notice, demands, requests and communications required or permitted hereunder by providing written notice of such change of address to all of the parties listed above by written notice as provided herein.

(b) Where this Indenture provides for giving of notice to the Trustee, such notice shall also be given to the Bondholder and the Investor Limited Partner. Failure to provide any such duplicate notice pursuant to the foregoing sentence, or any defect in any such duplicate notice so provided, shall not be treated as a failure to give the primary notice or affect the validity thereof or the effectiveness of any action taken pursuant thereto.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
as Trustee

By: _____
Authorized Signatory

19048.44:J16934

[signature page to Trust Indenture – ULRIC Street Apartments]

EXHIBIT A

FORM OF BONDS

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE TRANSFERABILITY HEREOF IS RESTRICTED BY THE TERMS OF THE INDENTURE, INCLUDING THE PROVISION THEREOF LIMITING OWNERSHIP OF THIS BOND TO "QUALIFIED INSTITUTIONAL BUYERS" AND "ACCREDITED INVESTORS" (AS DEFINED IN THE INDENTURE), SUBJECT TO CERTAIN EXCEPTIONS.

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(ULRIC Street Apartments),
Series 2020G-__ (_____)**

No. R-_____ \$ _____

| <u>Dated Date</u> | <u>Maturity Date</u> | <u>Interest Rate</u> |
|-------------------|----------------------|--|
| October __, 2020 | _____ 1, ____ | As determined in the below-defined Loan Agreement and the _____ Note |

BONDHOLDER: U.S. BANK NATIONAL ASSOCIATION

PRINCIPAL AMOUNT: _____ DOLLARS

The HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Issuer"), for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Bondholder specified above or registered assigns (subject to any right of prior redemption or tender), on the Maturity Date specified above, the Principal Amount last appearing on the Principal Log attached hereto, and to pay interest thereon at the interest rate set forth above, payable on the first calendar day of each month, commencing on November 1, 2020, to the person whose name appears on the Bond Register as of the day next preceding any Interest Payment Date (a "Record Date") and to pay any other amounts as specified in the Indenture (hereinafter defined); provided however, that if the first calendar day of each month is not also a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day and the extension of time shall be included in the computation of interest and fees. All capitalized terms not otherwise defined in this Bond shall have the meaning ascribed thereto in the Indenture.

Principal of, and premium, if any, on this Bond is payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of [The Bank of New York Mellon Trust Company, N.A.](#), as trustee (the "Trustee" and "Bond Registrar"), or its successor.

This Bond shall bear interest in the same manner as is provided with respect to interest on the _____ Loan in the _____ Note and Loan Agreement. This Bond shall bear interest from the date to which interest has been paid on the Bonds 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 its Closing Date.

The Issuer and the Trustee may deem and treat the person in whose name this Bond shall be registered on the Bond Register, as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

This Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until the Trustee shall have executed the Certificate of Authentication appearing hereon.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required to exist, happen and be performed precedent to or in the issuance of this Bond do exist, have happened and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be duly executed by the manual or facsimile signature of its duly Authorized Officer and attested by the manual or facsimile signature of its Secretary or Deputy Secretary, all as of the date first written above.

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____
Authorized Officer

Attest:

Secretary or Deputy Secretary

CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is the Bond referred to in the within mentioned Indenture.

Date of Authentication: _____, _____

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By: _____
Authorized Signatory

Name: _____
Title: _____

EXHIBIT B

FORM OF WRITTEN REQUEST OF THE BORROWER (DRAW REQUEST / REQUISITION FROM PROJECT FUND)

To: The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") under the Trust Indenture dated as of October 1, 2020 (the "Indenture"), between Housing Authority of the City of San Diego and the Trustee; and

U.S. Bank National Association, as Bondholder ("Bondholder")

1. Borrower instructs (a) Bondholder to disburse \$ _____ to Trustee for deposit in the Bond Proceeds Account of the Project Fund pursuant to Section 3.08 of the Indenture and (b) Trustee to make a notation of such amount on the Principal Log on the date of receipt thereof.

2. Borrower instructs Trustee to disburse funds in the amount of the advance made pursuant to paragraph 1 hereof from the Bond Proceeds Account of the Project Fund pursuant to Section 6.07 of the Indenture in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. An invoice or other appropriate evidence of the obligations described on Schedule I is attached hereto.

3. Borrower certifies that:

(a) there has been received no notice (i) of any lien, right to lien or attachment upon, or claim affecting the right of the payee to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named therein, (ii) that any materials, supplies or equipment covered by such requisition are subject to any lien or security interest, or if any notice of any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released, discharged, insured or bonded over or will be released, discharged, insured or bonded over upon payment of the requisition, and (iii) this requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the certificate;

(b) the obligation stated on the requisition has been incurred in or about the acquisition or construction of the Project, each item is a proper charge against the Project Fund, and the obligation has not been the basis for a prior requisition that has been paid;

(c) such requisition contains no items representing any Costs of Issuance or any other amount constituting an issuance cost under Section 47(g) of the Code;

(d) not less than 95% of the sum of: (i) the amounts requisitioned by this Requisition from the Bond Proceeds Account of the Project Fund funded with proceeds of the Tax-Exempt Bonds plus (ii) all amounts previously disbursed from the Bond Proceeds Account of the Project Fund funded with proceeds of the Tax-Exempt Bonds, have been or will be applied by the Borrower to pay Qualified Project Costs;

(e) as of the date hereof, to the undersigned's knowledge, after due inquiry, 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, the Loan Agreement or the Construction and Convertible Term Bond Financing Agreement; and

4. Borrower hereby represents and warrants to Bondholder that:

(a) The requested Disbursement shall be applied to pay Project Costs in accordance with the itemized Disbursement Request attached hereto.

(b) At the date hereof no suit or proceeding at law or in equity, and no investigation or proceeding of any governmental body, has been instituted or, to the knowledge of Borrower, is threatened, which in either case would substantially affect the condition or business operations of Borrower, except the following:

[insert "None" if none]

(c) At the date hereof, no default or event of default under the Construction and Convertible Term Loan-Bond Financing Agreement or under any of the other Loan Documents has occurred and is continuing, and no event has occurred which, upon the service of notice and/or the lapse of time, would constitute an event of default thereunder, except the following:

[insert "None" if none]

(d) The representations and warranties set forth in Section 5 of the Construction and Convertible Term Loan-Bond Financing Agreement are hereby reaffirmed and restated, and Borrower represents and warrants to Bondholder that the same are true, correct and complete on the date hereof, except as to the following:

[insert "None" if none]

(e) No material adverse change has occurred in the financial condition or in the assets or liabilities of Borrower or any Guarantor from those set forth in the latest financial statements for each furnished to Bondholder, except the following:

[insert "None" if none]

(f) The progress of construction of the Project is such that it can be completed on or before the Completion Date specified in the Construction and Convertible Term Bond Financing Agreement for the cost originally represented to Bondholder, except for the following:

[insert "No Change" if no changes]

(g) The Loans, as of the date hereof, are in balance as required by the Construction and Convertible Term Loan-Bond Financing Agreement, and the undisbursed proceeds of the Loans, including the advance requested herein, are adequate and sufficient to pay for all labor, materials, equipment, work, services and supplies necessary for the completion of the Project, including the installation of all fixtures and equipment required for the operation of the Project, except for the following Project cost increases:

[insert "No Change" if no changes]

(h) The labor, materials, equipment, work, services and supplies described herein have been performed upon or furnished to the Project in full accordance with the Plans (as defined in the Construction and Convertible Term Loan-Bond Financing Agreement), which have not been

amended except as expressly permitted by the Construction and Convertible Term Bond Financing Agreement.

(i) There have been no changes in the costs of the Project from those set forth on the Sworn Construction Cost Statement (as defined in the Construction and Convertible Term Bond Financing Agreement), as amended by any amendment thereto heretofore delivered by Borrower to Bondholder and approved by Bondholder, if such approval is required by the Construction and Convertible Term Bond Financing Agreement.

(j) All bills for labor, materials, equipment, work, services and supplies furnished in connection with the Project, which could give rise to a mechanic's lien if unpaid, have been paid or will be paid out of the requested advance.

(k) All claims for mechanics' liens which shall have arisen or could arise for labor, materials, equipment, work, services or supplies furnished in connection with the Project through the last day of the period covered by the requested advance have been effectively waived in writing, or will be effectively waived in writing when payment is made, and such written waivers shall be delivered to Bondholder or its disbursing agent.

(l) All funds advanced under the Project Account to date have been utilized as specified in the Disbursement Requests pursuant to which the same were advanced, exclusively to pay costs incurred for or in connection with acquiring, constructing and developing the Land and the Project, and Borrower represents that no part of the proceeds of the Loans have been paid for labor, materials, equipment, work, services or supplies incorporated into or employed in connection with any project other than the Project. Borrower further represents that all funds covered by this Disbursement Request are for payment for labor, materials, equipment, work, services or supplies furnished solely in connection with said Project.

(m) All changes in the Plans, if any, have been made in accordance with the Construction and Convertible Term Bond Financing Agreement.

(n) No notice or any other information has been received relating to a reduction in the amount of tax credits available to the Project, and there has been no adverse change in the facts and circumstances necessary for the General Partner to receive the Scheduled Equity Contributions (as defined in the Construction and Convertible Term ~~Loan~~ Bond Financing Agreement)

(o) The Disbursement Request spreadsheet attached to this Disbursement Request is true, complete and correct.

5. Borrower authorizes and requests Bondholder to charge the total amount of this Disbursement Request against Borrower's Loan account and to advance from the proceeds of the Loans the funds hereby requested, and to make or authorize disbursement of said funds to or for the account of the persons or firms and in amounts up to, but not exceeding, the amounts listed herein, subject to the requirements of and in accordance with the procedures provided in the Construction and Convertible Term Bond Financing Agreement. The advance made pursuant to this Disbursement Request is acknowledged to be an accommodation to Borrower and is not a waiver by Bondholder of any defaults or events of default under the Loan Documents or any other claims of Bondholder against Borrower, any Guarantor or the General Contractor.

EXHIBIT C

FORM OF INVESTOR LETTER

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

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 500
Los Angeles, California 90071
Attention: Corporate Trust

[Trustee]

Attn: _____

Re: Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments) Series 2020G-1 (Construction/Permanent), Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments) Series 2020G-2 (Construction), and Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments) Series 2020G-3 (Taxable)

Ladies and Gentlemen:

The undersigned (the "Investor") hereby acknowledges receipt of the above-referenced bonds (the "Bonds"), dated October __, 2020 in fully registered form and in the aggregate face amount (maximum principal amount) of \$_____. The Bonds have been checked, inspected and approved by the Investor.

The undersigned acknowledges that the Bonds were issued for the purpose of making three loans 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 loans are evidenced by the Loan Agreement dated as of October 1, 2020 (the "Loan Agreement"), by and between Housing Authority of the City of San Diego (the "Issuer") and Ulric Street Housing Associates, L.P. (the "Borrower"). The undersigned further acknowledges that the Bonds are secured by the Trust Indenture dated as of October 1, 2020 (the "Indenture") between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee, which creates a security interest in the Trust Estate for the benefit of the owner of the Bonds. All capitalized terms used and not otherwise defined herein have the meanings given them 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:

1. The Investor hereby certifies that it is a "Qualified Institutional Buyer" or an "Accredited Investor" (each such term as defined in the Indenture), and therefore has sufficient knowledge and experience in financial and business matters, including purchase and ownership of tax-exempt municipal obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.

2. 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 the purchase of the Bonds. The Bonds are being acquired by the Investor for its own account. The Investor does not presently intend to make a public distribution

EXHIBIT D

**FORM OF REQUISITION CERTIFICATE
COSTS OF ISSUANCE FUND**

Requisition No. _____

Date: _____

REQUISITION CERTIFICATE

TO: THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE UNDER
THE TRUST INDENTURE DATED AS OF OCTOBER 1, 2020, BETWEEN THE
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO AND THE TRUSTEE.

The undersigned duly authorized representative of the Borrower hereby requests that
_____, as trustee, disburse the amounts shown on Schedule I hereto in payment
of the Costs of Issuance described thereon:

ULRIC STREET HOUSING ASSOCIATES,
L.P., a California limited partnership

By: _____

Name: _____

Title: _____

Approved By Bondholder:

U.S. BANK NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

LOAN AGREEMENT

between the

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

and

**ULRIC STREET HOUSING ASSOCIATES, L.P.,
as Borrower**

Dated as of October 1, 2020

Relating to:

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-1 (Construction/Permanent),**

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-2 (Construction),**

and

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-3 (Taxable)**

The interest of the Issuer in this Loan Agreement (except for certain rights described herein) has been pledged and assigned to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), under the Trust Indenture dated as of October 1, 2020, by and between the Issuer and the Trustee.

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LOAN AGREEMENT

THIS LOAN AGREEMENT is entered into as of October 1, 2020 (as amended, modified, restated or supplemented, this "Loan Agreement"), between the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a public body, corporate and politic, organized and existing under the laws of the State of California (together with its successors and assigns, the "Issuer"), and ULRIC STREET HOUSING ASSOCIATES, L.P., a limited partnership duly organized and existing under the laws of the State of California (together with its permitted successors and assigns, the "Borrower").

RECITALS:

A. The Issuer is authorized by Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (the "Act") to issue revenue bonds for the purpose of financing, among other things, the acquisition, construction and development of multifamily rental housing and for the provision of capital improvements in connection therewith and determined necessary thereto;

B. The Borrower has requested the assistance of the Issuer in financing the acquisition and construction of a 96-unit multifamily rental housing development to be known as ULRIC Street Apartments, to be located in the City of San Diego, California (the "Project"), and as a condition to such financial assistance the Borrower has agreed to enter into a Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith (the "Regulatory Agreement") setting forth certain restrictions with respect to the Project;

C. The Issuer has determined to assist in the financing of the Project by issuing its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments) Series 2020G-1 (Construction/Permanent), in the principal amount of \$_____ (the "Series G-1 Bonds"), its Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-2 (Construction) in the principal amount of \$_____ (the Series G-2 Bonds"), and its Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-3 (Taxable) in the principal amount of \$_____ (the "Series 2020G-3 Bonds," and together with the Series 2020G-1 Bonds and the Series 2020G-2 Bonds, the "Bonds"), pursuant to a Trust Indenture, dated as of October 1, 2020 (the "Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and making three loans (collectively, the "Loans") to the Borrower in the respective amounts of such principal amounts of the Bonds, upon the terms and conditions set forth herein; and

D. The Borrower has delivered to the Issuer its promissory note dated as of the Closing Date in an original principal amount equal to the original aggregate principal amount of the Bonds (as the same may be amended, supplemented, replaced or modified from time to time, the "Note"). The Note evidences the Borrower's obligation to repay the Loan and the Issuer has made the Loan to the Borrower, subject to the terms and conditions of this Loan Agreement and the Indenture.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the mutual covenants and representations hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS; PROVISIONS OF GENERAL APPLICATION

Section 1.01. Specific Definitions. For all purposes of this Loan Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) Unless specifically defined herein, all capitalized terms shall have the meanings given to them in the Indenture.

(b) All references made (i) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (ii) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well. Singular terms shall include the plural as well as the singular, and vice versa.

(c) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with the Approved Accounting Method. All references herein to "Approved Accounting Method" refer to such method as it exists at the date of the application thereof.

(d) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(e) The terms "herein," "hereof" and "hereunder" and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision. The terms "agree" and "agreements" contained herein are intended to include and mean "covenant" and "covenants."

(f) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(g) Whenever the term "includes" or "including" is used in this Loan Agreement, such terms mean "includes or including by way of example and not limitation."

Section 1.02. Effect of Headings and Table of Contents. The Article and Section headings are for convenience only and shall not affect the construction hereof.

Section 1.03. Date of Loan Agreement. The date of this Loan Agreement is intended as a date for the convenient identification of this Loan Agreement and is not intended to indicate that this Loan Agreement was executed and delivered on said date.

Section 1.04. Designation of Time for Performance. Except as otherwise expressly provided herein, any reference in this Loan Agreement to the time of day means the time of day in the city where the Trustee maintains its place of business for the performance of its obligations under the Indenture.

Section 1.05. Interpretation. The parties hereto acknowledge that each of them and the Bondholder and their respective counsel have participated in the drafting and revision of this Loan Agreement. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Loan Agreement or any amendment or supplement hereto.

ARTICLE II

GENERAL

Section 2.01. Issuance of Bonds. To provide funds for the purposes provided herein, the Issuer agrees that, in accordance with the Act and the Indenture, it will issue and sell the Bonds and cause the Bonds to be delivered to the purchaser thereof. The Bonds will be drawn down as set forth in the Indenture. The proceeds of the sale of the Bonds shall be paid to the Trustee from time to time for the account of the Issuer. The Trustee shall promptly deposit the proceeds of the sale of the Bonds as provided in Section 3.08 of the Indenture.

Section 2.02. Assignment to Trustee. As security for the Bonds, the Issuer has pledged and assigned the Trust Estate to the Trustee under and pursuant to the Indenture. Upon its execution and the payment of the initial purchase price of the Bonds, the Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or any further act, except in the case of the Notes, which shall be delivered to the Trustee. The Borrower hereby acknowledges and consents to such assignment to the Trustee.

Section 2.03. Loan of Bond Proceeds; Note. Upon the issuance of the Bonds and deposit under the Indenture of the sale proceeds of the Bonds received from time to time in accordance with the Indenture and this Loan Agreement, the Issuer shall be deemed to have made the Loans to the Borrower in the respective amounts of the Disbursed Amount for each series of the Bonds. The Loans will mature and be payable at the times and in the amounts required under the terms of the Notes. The proceeds of the Loans shall be used by the Borrower to pay costs of the acquisition and construction of the Project and for certain other purposes specified in the Indenture. The Borrower hereby accepts the Loans and acknowledges that the Issuer shall cause the proceeds of the Bonds to be deposited with the Trustee in the manner set forth in Section 5.02 of the Indenture and applied as set forth in the Indenture. The Borrower hereby agrees to execute the Notes, as evidence of its obligation to repay the Loans, and to deliver the Notes simultaneously with the delivery of this Loan Agreement to the Issuer. The Notes shall bear interest on the unpaid principal balances thereof at the interest rates provided for in the Notes and the Construction and Convertible Term Bond Financing Agreement.

Section 2.04. Disbursements of the Loan and the Bonds.

(a) The Bondholder shall advance funds to purchase the Bonds and fund the Loans as provided herein, in the Construction and Convertible Term Bond Financing Agreement and in the Indenture. Notwithstanding anything contained in this Loan Agreement or in any other agreement to the contrary, the Bondholder shall not be required to fund the Loans or approve any disbursement of Bond proceeds (except for fees, costs and reimbursements payable to Bondholder), unless and until Bondholder has determined in its sole and absolute discretion that all conditions precedent thereto as set forth in the Indenture, the Construction and Convertible Term Bond Financing Agreement and this Loan Agreement have been satisfied.

(b) Under no circumstances shall the aggregate amount of funds requisitioned hereunder, and chargeable to the Loans, exceed the Authorized Amount, which shall be derived from funds advanced to purchase the Bonds in an amount which shall not exceed the Authorized Amount, and no funds shall be advanced hereunder after October 1, 2023. Notwithstanding any other provision of this Agreement: (i) the principal amount of the Convertible Term Loan shall equal the purchase price of the Series 2020G-1 Bonds advanced by the Bondowner, not to exceed an aggregate of \$_____ ; (ii) the principal amount of the Tax-Exempt Construction Loan shall equal the purchase price of the Series 2020G-2 Bonds advanced

by the Bondowner, not to exceed an aggregate of \$_____ ; and the principal amount of the Taxable Construction Loan shall equal the purchase price of the Series 2020G-3 Bonds advanced by the Bondowner, not to exceed an aggregate of \$_____ ; all to the extent such respective Bonds are Outstanding under the Indenture and the related Loan has not been repaid under this Loan Agreement. The Bondholder and the Borrower agree to notify the Trustee of the date and amount of each disbursement of the Loans (which disbursements shall be made by the deposit of Bond advances in the Bond Proceeds Account of the Project Fund under the Indenture) for notation on the Principal Logs as additional payment of purchase price of the Bonds by delivery of a completed Written Requisition. Notwithstanding anything to the contrary herein, no amounts of the Loans may be drawn down and funded hereunder after October 1, 2023 without the prior delivery of a No Adverse Effect Opinion.

(c) The Borrower may submit Written Requisitions to the Bondholder as provided in of the Construction and Convertible Term Bond Financing Agreement.

(d) The Bondholder shall pay the initial purchase price of the Series 2020G-__ Bonds, \$_____, to the Trustee on the Closing Date for deposit into the Bond Proceeds Account of the Project Fund as the purchase price of a portion of the Series G-__ Bonds, which amounts shall be held by the Trustee as provided under the Indenture. Upon the satisfaction of the terms and conditions set forth in the Indenture, the funds on deposit in the Bond Proceeds Account of the Project Fund shall be disbursed by the Trustee on the same terms as provided for hereunder, under the Indenture and under the Construction and Convertible Term Bond Financing Agreement. No funds shall be disbursed from the Bond Proceeds Account of the Project Fund without the prior written consent of Bondholder, except as otherwise provided in Section 6.07 of the Indenture.

(e) Moneys in the Project Fund shall be disbursed as provided in Section 6.07 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 6.06 of the Indenture.

Section 2.05. Loan Payments.

(a) The Borrower shall make Loan Payments in such amounts, at such times and as otherwise provided in the Notes and Section 2 of the Construction and Convertible Term Bond Financing Agreement. Each Loan Payment made by the Borrower shall be made in funds immediately available to the Trustee by 2:00 p.m., St. Louis, Missouri time, on the first day of each calendar month, commencing November 1, 2020 (each, a "Loan Payment Date"); provided that whenever any Loan Payment shall be stated to be due on a day that is not a Business Day, such payment shall be due on the first Business Day immediately thereafter. Each such payment shall be made by deposit to such account as the Trustee designates evidenced by monthly statements to the Borrower. All payments made by the Borrower hereunder or by the Borrower under the other Bond Documents, shall be made irrespective of, and without any deduction for, any set offs or counterclaims, but such payment shall not constitute a waiver of any such set offs or counterclaims.

(b) The Borrower and the Issuer each acknowledge that, except as provided by the express terms of the Bond Documents, neither the Borrower nor the Issuer has any interest in any moneys deposited in the funds or accounts established under the Indenture and such funds or accounts shall be in the custody of and (except for moneys due the Issuer on deposit in the Expense Fund and the Rebate Fund) held by the Trustee in trust for the benefit of the Bondholder.

(c) The Borrower shall be liable for payment of Loan Payments, and, if such payments are made, the Borrower shall not be liable for payment of the Bonds.

Section 2.06. Additional Payments.

(a) The Borrower shall pay to the Trustee on demand the following amounts:

(i) the Rebate Amount then due, if any, to be deposited by the Trustee in the Rebate Fund as specified in Section 6.08 of the Indenture and the costs incurred to calculate such Rebate Amount (to the extent such costs are not included in the Loan Payment);

(ii) the Issuer's Fee and all reasonable fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Trustee and the Issuer (above and beyond the Trustee's Fee) incurred under the Bond Documents or the Loan Documents and as provided in Section 20 of the Regulatory Agreement, as and when the same become due;

(iii) all Costs of Issuance and fees, charges and expenses, including agent and counsel fees, reasonably incurred in connection with the issuance of the Bonds, as and when the same become due, to the extent not paid from the Costs of Issuance Fund;

(iv) all charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Issuer incurred by the Issuer at any time in connection with the Bonds, the Loans or the Project, including, without limitation, counsel fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of the Bond Documents, the Loan Documents or any other documents relating to the Project or the Bonds or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit; and

(v) all late charges due and payable under the terms of the Notes and Section 2.08; provided, however, that all payments made pursuant to this subsection (v) shall be made to the Trustee.

(b) The Borrower shall pay to the party entitled thereto as expressly set forth in this Loan Agreement or the other Bond Documents:

(i) all expenses incurred in connection with the enforcement of any rights under this Loan Agreement or the Indenture by the Issuer, the Trustee or the Bondholder, except as may be expressly limited by the terms of the Indenture; and

(ii) all other payments of whatever nature that the Borrower has agreed to pay or assume under the provisions of this Loan Agreement, the Indenture and any other Bond Document or Loan Document.

Section 2.07. Construction and Convertible Term Bond Financing Agreement. The Borrower authorizes the Trustee to execute and deliver the Construction and Convertible Term Bond Financing Agreement.

Section 2.08. Late Charge. If Borrower fails to make any required payment of principal and/or interest on the Notes (other than any balloon payment on any Note at the Maturity Date for such Note) within ten (10) days of its due date thereof, Borrower shall pay to Trustee for the benefit of the Bondholders, in addition to interest at the Default Rate, a late payment charge

equal to five percent (5%) of the amount of the overdue payment, for the purpose of reimbursing Bondholders for a portion of the expense incident to handling the overdue payment. This late charge shall apply individually to all payments past due and there will be no daily prorated adjustment. This provision shall not be deemed to excuse a late payment or be deemed a waiver of any other rights Trustee or Bondholder may have including the right to declare all amounts owing under a Note (including principal and interest) to be immediately due and payable in full. Borrower agrees that this "late payment charge" is a provision for liquidated damages and represents a fair and reasonable estimate of the damages Bondholder will incur by reason of the late payment considering all circumstances known to Borrower and Bondholder on the date hereof. Borrower further agrees that proof of actual damages will be difficult or impossible.

Section 2.09. Obligations of the Borrower Absolute and Unconditional.

(a) Subject to Section 10.01, the obligations of the Borrower under this Loan Agreement and the Notes to make Loan Payments and Additional Payments on or before the date the same become due, and to perform all of its other obligations, covenants and agreements hereunder shall be absolute and unconditional, and shall be paid or performed without notice or demand, and without abatement, deduction, set off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether the Borrower's title to the Project or to any part thereof is defective or nonexistent, and notwithstanding any damage due to loss, theft or destruction of the Project or any part thereof, any failure of consideration or frustration of commercial purpose, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project, legal curtailment of the Borrower's use thereof, the eviction or constructive eviction of the Borrower, any change in the tax or other laws of the United States of America, the State or any political subdivision thereof, any change in the Issuer's legal organization or status, or any default of the Issuer or the Trustee hereunder or under any other Bond Document, and regardless of the invalidity of any action of the Issuer or the invalidity of any portion of this Loan Agreement. The Borrower hereby waives, to the extent permitted by applicable law, the application to it of the provisions of any law now or hereafter in effect contrary to any of its obligations, covenants or agreements under this Loan Agreement and the Notes or which releases or purports to release the Borrower therefrom. Nothing contained herein shall be construed as prohibiting the Borrower from pursuing any rights or remedies it may have against any Person in a separate legal proceeding.

(b) The Borrower may, however, at its own cost and expense and in its own name or in the name of the Issuer, but only with the prior written consent of Bondholder, prosecute or defend any action or proceeding or take any other action involving third persons that the Borrower deems reasonably necessary to secure or protect its right of possession, occupancy and use hereunder, and in such event the Issuer hereby agrees to cooperate fully with the Borrower, at the expense of the Borrower, and to take all action necessary to effect the substitution of the Borrower for the Issuer in any such action or proceeding if the Borrower shall so request.

Section 2.10. Optional Prepayment of Notes.

(a) The Borrower shall have the option to prepay, in whole, any of the Notes to the extent and in the manner set forth herein and in the Construction and Convertible Term Bond Financing Agreement, exercisable by Written Notice to the Issuer and the Trustee, and with the Written Consent of the Bondholder given at least 20 days prior to the proposed prepayment date, for the purpose of redeeming any Outstanding Bond in accordance with Section 4.01 of the Indenture on a permitted redemption date of the related Bonds or paying the related Bonds at maturity.

(b) In connection with any such proposed prepayment of a Note, the Borrower shall deposit Eligible Funds with the Trustee by 10:00 a.m., Trustee local time, not less than one Business Day prior to the date of prepayment at a prepayment price equal to the principal balance of the Note being prepaid, plus interest on such Note to the date of prepayment, plus any Additional Payments due and payable hereunder through the date of prepayment. Such amounts shall be applied to the redemption of some or all of the related Bonds and payment of all amounts due hereunder. The Borrower shall deliver such certifications and shall satisfy such conditions as set forth in Section 4.01 of the Indenture with respect to the optional redemption of some or all of the Outstanding Bonds.

Section 2.11. Mandatory Prepayment of Notes. The Borrower shall prepay the outstanding principal balance of a Note at the Written Direction of the Bondholder, in whole or in part, at a prepayment price equal to the principal balance of the respective Note being prepaid, plus interest on such Note to the date of prepayment, plus any other amounts payable under such Note or this Loan Agreement, for the purpose of redeeming the related Bonds as provided in Section 4.02, 4.03, 4.04 or 4.05 of the Indenture, as applicable, or upon the occurrence of any event or condition described below:

(a) all of the Notes in whole, if the Project has been damaged or destroyed to the extent that it is not practicable or feasible to rebuild, repair or restore the damaged or destroyed property within the period and under the conditions described in the Mortgage following such event of damage or destruction; or

(b) all of the Notes in whole, if title to, or the use of, all or a substantial portion of the Project has been taken under the exercise of the power of eminent domain by any governmental authority with the result that the Borrower is thereby prevented from carrying on its normal operation of the Project within the period and under the conditions described in the Mortgage; or

(c) the Notes in whole or in part, to the extent that insurance proceeds or proceeds of any condemnation award with respect to any Project are not applied to restoration of the Project in accordance with the provisions of the Mortgage; or

(d) with respect to any Note, in whole on such Note's Maturity Date; or

(e) in whole on the Initial Maturity Date or, if applicable, the Extended Initial Maturity Date (as such terms are defined in the Construction and Convertible Term Bond Financing Agreement), but with respect to the Convertible Note, only if Conversion (as defined in the Construction and Convertible Term Bond Financing Agreement) does not occur; or

(f) as otherwise provided in each of the Notes.

Such prepayment shall be due and payable by no later than 10:00 a.m., Trustee's principal office local time, at least one Business Day before the date fixed by the Trustee for redemption of the related Bonds pursuant to the Indenture, which date shall be communicated by the Trustee in writing to the Issuer, the Bondholder and the Borrower in accordance with the Indenture. To the extent that the Borrower or the Trustee receive any insurance proceeds or condemnation awards that are to be applied to the prepayment of the Notes, such amounts shall be applied to the prepayment of the Notes as determined by the Bondowner and the corresponding redemption of the related Bonds.

Section 2.12. [intentionally omitted].

Section 2.13. Calculation of Interest Payments. The Issuer and the Borrower acknowledge that calculation of all interest payments shall be made by the Bondholder in accordance with the Indenture and the Notes.

Section 2.14. Grant of Security Interest; Application of Funds. As security for payment of the Borrower Payment Obligations and the performance by the Borrower of all other terms, conditions and provisions of the Bond Documents, the Borrower hereby pledges and assigns to the Trustee, as assignee of the Issuer, and grants to the Trustee a security interest in, all the Borrower's right, title and interest in and to all payments to or moneys held in the funds and accounts created and held by the Trustee under the Indenture. This Loan Agreement is, among other things, intended by the parties to be a security agreement for purposes of the UCC. Upon the occurrence and during the continuance of a Loan Agreement Default hereunder, the Trustee shall apply or cause to be applied any sums held by the Trustee under the Indenture in accordance with Section 9.04 of the Indenture.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.01. Borrower Representations. The Borrower represents and warrants for the benefit of the Issuer, the Trustee and the Bondholder, as of the date of execution hereof, as follows:

(a) The Borrower is a limited partnership duly organized, validly existing and in good standing under the laws of the State, has requisite power and authority, and all material rights, licenses, permits and authorizations, governmental or otherwise, necessary to own its properties and to transact business in the State. The Borrower is duly qualified to do business and is in good standing in the State and each other jurisdiction where the failure to be so qualified would have a material adverse effect upon the Borrower. The sole business of the Borrower is the ownership, management and operation of the Project. All general partners, if any, of the Borrower are duly incorporated, organized and in good standing under the laws of their respective states of organization and are duly qualified to transact business in the State.

(b) The Borrower has taken all necessary action to authorize the execution, delivery and performance of the Loan Documents. The Loan Documents have been duly executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, subject to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and general principles of equity.

(c) The execution, delivery and performance of the Loan Documents will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any Lien (other than pursuant to the Bond Documents) upon the Project or the Borrower pursuant to the terms of, any agreement or instrument to which the Borrower is a party or by which its property is subject, nor will such action result in any violation of the provisions of any statute or any order, rule or regulation of any Governmental Authority having jurisdiction over the Borrower or any of its properties. The Borrower's rights under the Licenses and the Management Agreement will not be adversely affected by the execution and delivery of the Loan Documents, the Borrower's performance thereunder, or the exercise of any remedies by the Trustee and the Bondholder. Other than any filing or recording

necessary to perfect any Lien created by any of the Bond Documents, any consent, approval, authorization, order, registration or qualification of or with any Governmental Authority required for the execution, delivery and performance by the Borrower of the Loan Documents has been obtained and is in full force and effect.

(d) There are no actions, suits or other proceedings at law or in equity by or before any Governmental Authority now pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or the Project, which would materially adversely affect the condition (financial or otherwise) or business of the Borrower or the condition or ownership of the Project.

(e) Except as contemplated by the Bond Documents, the Borrower is not a party to any agreement or instrument or subject to any restriction that would materially adversely affect the Borrower or the Project, or the Borrower's business, properties, operations or condition, financial or otherwise. The Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Permitted Encumbrance or any other agreement or instrument to which it is a party or by which it or the Project is bound.

(f) The Borrower has, or will have not later than the Closing Date, good fee title to the Project, free and clear of all Liens except the Permitted Liens. The Security Documents, when properly recorded in the appropriate records, together with any UCC financing statements required to be filed in connection therewith (which filing shall be the sole responsibility of the Borrower or the Bondholder), will create perfected security interests in and to, and perfected collateral assignments of, the Collateral, all in accordance with the terms thereof. The Permitted Liens do not materially adversely affect the Borrower's ability to repay the Loans. There are no delinquent real property taxes or assessments, including water and sewer charges, with respect to the Project or claims for payment for work, labor or materials affecting the Project that are or may become a Lien prior to, or of equal priority with the Mortgage.

(g) All representations, warranties and certifications of the Borrower set forth in the Regulatory Agreement and the Tax Certificate are incorporated by reference herein and the Borrower will comply with such as if set forth herein.

(h) By its execution and delivery of this Loan Agreement, the Borrower approves the form and substance of the Indenture and the execution thereof by the Issuer and the Trustee, and agrees to carry out the responsibilities and duties specified in the Indenture to be carried out by the Borrower. The Borrower acknowledges that (i) it understands the nature and structure of the transactions relating to the financing of the Project, (ii) it is familiar with the provisions of all of the Bond Documents, the Loan Documents and other documents and instruments relating to the financing of the Project, (iii) it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, and (iv) it has not relied on the Issuer, the Trustee or the Bondholder for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Bond Documents, the Loan Documents or otherwise relied on the Issuer, the Trustee or the Bondholder in any manner.

(i) The Project satisfies all requirements of the Act and the Code with respect to multifamily rental housing.

(j) The Project is, as of the date of issuance of the Bonds, in compliance with all requirements of the Regulatory Agreement; and the Borrower intends to cause the

residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code, and pursuant to leases which comply with all applicable laws.

Section 3.02. Issuer Representations. The Issuer makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Issuer is a public body, corporate and politic, organized and existing under the laws of the State. The Issuer has all necessary power and authority to issue the Bonds and to execute and deliver this Loan Agreement, the Indenture, and the Regulatory Agreement, and to perform its duties and discharge its obligations hereunder and thereunder.

(b) Each of the Indenture, this Loan Agreement and the Regulatory Agreement (the "Issuer Documents") has been duly validly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and general equitable principles.

(c) To the best knowledge of the Issuer, the Issuer has complied with the provisions of the Act and the laws of the State which are prerequisites to the consummation of the transactions on the part of the Issuer described or contemplated in the Issuer Documents. To the best knowledge of the Issuer, the execution and delivery of the Bonds and the Issuer Documents, the consummation of the transactions on the part of the Issuer contemplated thereby and the fulfillment of or compliance with the terms and conditions thereof by the Issuer do not conflict with or result in the breach of any of the terms, conditions or provisions of any agreement or instrument or judgment, order or decree to which the Issuer is now a party or by which it is bound, nor do they constitute a default under any of the foregoing.

(d) To the best knowledge of the Issuer, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by the Issuer of, and performance by the Issuer of its obligations under the Issuer Documents, which has not been obtained as of the Closing Date.

(e) To the best knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation pending or threatened with respect to which the Issuer has been served with process or its general counsel has received written notice, against the Issuer by or before any court, governmental agency or public board or body, nor, to the Issuer's knowledge, any basis therefor, which (i) affects or questions the existence or the territorial jurisdiction of the Issuer or the title to office of any Commissioner of the Issuer; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any Issuer Documents or the issuance, execution or delivery of the Bonds, as applicable; (iii) affects or questions the validity or enforceability of the Bonds; or (iv) questions the power or authority of the Issuer to perform its obligations under the Bonds or to carry out the transactions on its part contemplated by the Issuer Documents.

Section 3.03. Survival of Representations and Covenants. All of the representations and warranties in Section 3.01, Section 3.02, and elsewhere in the Bond Documents (a) shall survive

for so long as any portion of the Borrower Payment Obligations remains due and owing and (b) shall be deemed to have been relied upon by the Bondholder notwithstanding any investigation heretofore or hereafter made by the Trustee or the Bondholder or on its behalf.

ARTICLE IV

AFFIRMATIVE COVENANTS

During the term of this Loan Agreement, the Borrower hereby covenants and agrees with the Bondholder, the Trustee and the Issuer that:

Section 4.01. Existence. The Borrower shall (a) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence and its material rights, and franchises, (b) continue to engage in the business presently conducted by it, (c) obtain and maintain all material Licenses, and (d) qualify to do business and remain in good standing under the laws of each jurisdiction, in each case where the failure to be so qualified would have a material adverse effect upon the Borrower.

Section 4.02. Taxes and Other Charges. The Borrower shall pay all Taxes and Other Charges as the same become due and payable, except to the extent that the amount, validity or application thereof is being contested in good faith.

Section 4.03. Repairs; Maintenance and Compliance, Physical Condition. The Borrower shall cause the Project to be maintained in a good, habitable and safe (so as to not threaten the health or safety of the Project's tenants or their invited guests) condition and repair (reasonable wear and tear excepted) and shall not remove, demolish or materially alter the Improvements or any equipment located on the Land (except for removal of aging or obsolete equipment or furnishings in the normal course of business). After completion of repairs, no structural or other material defect or damages to the Project will exist, whether latent or otherwise.

Section 4.04. Litigation. The Borrower shall give prompt Written Notice to the Issuer, the Trustee and the Bondholder, of any litigation, governmental proceedings or claims or investigations regarding an alleged actual violation of a Legal Requirement pending or, to the Borrower's knowledge, threatened against the Borrower which might materially adversely affect the Borrower's condition (financial or otherwise) or business or the Project.

Section 4.05. Performance of Other Agreements. The Borrower shall observe and perform in all material respects each and every term to be observed or performed by it pursuant to the terms of any agreement or instrument affecting or pertaining to the Project.

Section 4.06. Notices. The Borrower shall promptly advise the Issuer, the Trustee and the Bondholder of (a) any material adverse change in the Borrower's condition, financial or otherwise, other than general changes in the real estate market, (b) any fact or circumstance affecting the Borrower or the Project that materially and adversely affects the Borrower's ability to meet its obligations hereunder or under any of the other Loan Documents to which it is a party in a timely manner, or (c) the occurrence of any Default or Loan Agreement Default of which the Borrower has knowledge. The Borrower shall cause to be delivered to the Trustee and the Bondholder any Securities and Exchange Commission or other filings with Governmental Authorities related to the Project, if any, of the Borrower within two Business Days of any such filing.

Section 4.07. Cooperate in Legal Proceedings. The Borrower shall cooperate fully with the Trustee and the Bondholder with respect to, and permit the Trustee and the Bondholder, at their option, to participate in, any proceedings before any Governmental Authority that may in any way affect the rights of Bondholder under any Bond Document.

Section 4.08. Further Assurances. The Borrower shall, at the Borrower's sole cost and expense, (a) furnish to the Bondholder all instruments, documents, boundary surveys, footing or foundation surveys, certificates, plans and specifications, appraisals, title and other insurance reports and agreements, reasonably requested by the Bondholder; (b) execute and deliver to the Bondholder, such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to evidence, preserve and/or protect the collateral at any time securing or intended to secure the Bonds, as the Bondholder may reasonably request from time to time; (c) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of the Bond Documents and the Loan Documents, as the Bondholder shall reasonably request from time to time; and (d) upon the request therefor by the Bondholder, given from time to time after the occurrence of any Default or Loan Agreement Default for so long as such Default or Loan Agreement Default, as applicable, is continuing, pay for (i) reports of UCC, federal tax lien, state tax lien, judgment and pending litigation searches with respect to the Borrower and (ii) searches of title to the Project, each such search to be conducted by search firms reasonably designated by the Bondholder in each of the locations reasonably designated by the Bondholder.

Section 4.09. Delivery of Financial Information. The Borrower shall furnish or cause to be furnished the financial statements and other information in accordance with the terms of the Construction and Convertible Term Bond Financing Agreement.

Section 4.10. Environmental Matters. So long as the Borrower owns or is in possession of the Project, the Borrower shall (a) keep the Project in compliance with all Environmental Laws, (b) promptly notify the Trustee, the Issuer and the Bondholder if the Borrower shall become aware that any Hazardous Substances are on or near the Project in violation of Environmental Laws, and (c) commence and thereafter diligently prosecute to completion all remedial work necessary with respect to the Project required to be performed by the Borrower under any Environmental Laws, in each case as set forth in the Loan Documents and the Mortgage.

Section 4.11. Title to the Project. The Borrower will warrant and defend the title to the Project, subject only to Permitted Liens, against the claims of all Persons.

Section 4.12. Estoppel Statement. The Borrower shall furnish to the Bondholder for the benefit of the Issuer, the Trustee and the Bondholder within ten days after request by the Bondholder, with a statement, duly acknowledged and certified, setting forth (a) the unpaid principal of each of the Notes, (b) the interest rate applicable to each of the Notes, (c) the date installments of interest and/or principal on any Note was last paid, (d) any offsets or defenses to the payment of the Borrower Payment Obligations, and (e) that the Loan Documents are valid, legal and binding obligations of the Borrower and have not been modified or, if modified, giving particulars of such modification, and whether any Loan Agreement Default exists thereunder.

Section 4.13. Expenses. The Borrower shall pay all reasonable expenses incurred by the Issuer, the Trustee and the Bondholder in connection with the Bonds, including reasonable fees and expenses of the Issuer's, the Trustee's and the Bondholder's attorneys, environmental, engineering and other consultants, and fees, charges or taxes for the recording or filing of Bond Documents. The Borrower shall pay or cause to be paid all reasonable expenses of the Issuer, the Rebate Analyst, the Trustee and the Bondholder in connection with the issuance or

administration of the Bonds, including audit costs, inspection fees, settlement of condemnation and casualty awards, and premiums for title insurance and endorsements thereto. The Borrower shall, upon request, promptly reimburse the Issuer, the Trustee and the Bondholder for all amounts expended, advanced or incurred by the Issuer, the Trustee and the Bondholder to collect any of the Notes, or to enforce the rights of the Issuer, the Trustee and the Bondholder under this Loan Agreement or any other Loan Document, or to defend or assert the rights and claims of the Issuer, the Trustee and the Bondholder under the Bond Documents arising out of a Loan Agreement Default or with respect to the Project (by litigation or other proceedings) arising out of a Loan Agreement Default, which amounts will include all court costs, attorneys' fees and expenses, fees of auditors and accountants, and investigation expenses as may be incurred by the Issuer, the Trustee and the Bondholder in connection with any such matters (whether or not litigation is instituted), together with interest at the Default Rate on each such amount from the date of disbursement until the date of reimbursement to the Issuer, the Trustee and the Bondholder, all of which shall constitute part of the Loans and shall be secured by the Bond Documents. The obligations and liabilities of the Borrower under this Section 4.13 shall survive the term of this Loan Agreement and the exercise by the Issuer, the Bondholder or the Trustee, as the case may be, of any of its rights or remedies under the Bond Documents or the Loan Documents.

Section 4.14. Indemnity.

(a) To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Issuer, the Trustee, the Bondholder and each of their respective officers, Commissioners, 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, litigation and court costs, amounts paid in settlement (to the extent that the Borrower has consented to such settlement) and amounts paid to discharge judgments) 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 Bond Documents, the Loan Documents or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including, as applicable, the issuance, sale or resale of the Bonds;

(ii) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with 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;

(iii) any lien (other than a Permitted Encumbrance) or charge upon payments by the Borrower to the Issuer and the Trustee 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;

(iv) any violation of any environmental regulations with respect to, or the release of any hazardous substances from, the Project or any part thereof during the period in which the Borrower is in possession or control of the Project;

(v) the 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 or continuing 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 or continuing 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

(viii) the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party;

except (A) in the case of the foregoing indemnification of (1) the Bondholder or any related Indemnified Party, to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party, or (2) in the case of the Trustee or any related Indemnified Party, to the extent such damages are caused by the negligence or willful misconduct of the Trustee, or any breach by such party of its obligations under any of the Bond Documents or any untrue statement or misleading statement of a material fact by such Indemnified Party contained in any offering statement or document for the Bonds or any of the Bond Documents or any omission or alleged omission from any such offering statement or document of any material fact necessary to be stated therein in order to make the statements made therein by such Indemnified Party not misleading; or (B) in the case of the foregoing indemnification of the Issuer or any related Indemnified Party or the City or any related Indemnified Party, they shall not be indemnified by the Borrower with respect to liabilities arising from their willful misconduct. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party (which notice shall be timely given so as not to materially impair the Borrower's right to defend), shall assume the investigation and defense thereof, including the employment of counsel reasonably approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement, which approval shall not be unreasonably withheld. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof; provided however the City and the Issuer have the absolute right to employ separate counsel at the expense of the Borrower. The Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party other than the Issuer or the City may only employ separate counsel at the expense of the Borrower if and only if in such Indemnified Party's good faith judgment (based on the advice of counsel) a conflict of interest exists or could arise by reason of common representation except that the Borrower shall always pay the reasonable fees and expenses of the Issuer's or the City's separate counsel.

In addition thereto, the Borrower 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 this Loan Agreement.

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

Nothing contained in this Section 4.14 shall in any way be construed to limit the indemnification rights of the Issuer contained in Section 9 of the Regulatory Agreement. With respect to the Issuer, the Regulatory Agreement shall control in any conflicts between this Section 4.14 and Section 9 of the Regulatory Agreement.

Section 4.15. No Warranty of Condition or Suitability by the Issuer. The Issuer makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Borrower's purposes or needs.

Section 4.16. Right of Access to the Project. The Borrower agrees that the Issuer, the Trustee, the Bondholder and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but no obligation at all reasonable times during normal business hours and upon reasonable notice, to enter onto the Land (a) to examine, test and inspect the Project without material interference or prejudice to the Borrower's operations or any tenant's occupancy, and (b) to perform such work in and about the Project made necessary by reason of the Borrower's default under any of the provisions of this Loan Agreement or the Mortgage. The Issuer, the Trustee, the Bondholder and their duly authorized agents, attorneys, accountants and representatives shall also be permitted, without any obligation to do so, at all reasonable times and upon reasonable notice during normal business hours, to examine the books and records of the Borrower with respect to the Project.

Section 4.17. Tax Covenants. The Borrower hereby represents, warrants, covenants and agrees as follows:

(a) The Borrower shall not take any action or omit to take any action that, if taken or omitted, respectively, would adversely affect the excludability of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes. The Borrower and the Issuer shall execute such amendments hereof and supplements hereto (and shall comply with the provisions thereof) as may, in the opinion of Bond Counsel, be necessary to preserve or perfect such exclusion. The Borrower shall comply with each specific covenant in this Section at all times prior to the last maturity of the Tax-Exempt Bonds, unless and until there shall have been delivered to the Trustee and the Issuer a No Adverse Effect Opinion to the effect that failure to comply with such covenant shall not adversely affect the excludability of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, and thereafter such covenant shall no longer be binding upon the Borrower.

(b) All representations, warranties, and certifications made by the Borrower in connection with the delivery of the Bonds on the Closing Date, including, but not limited to, those representations, warranties, and certifications contained in Tax Certificate, are and shall be true, correct, and complete.

(c) The Borrower shall not take any action or omit to take any action with respect to the Gross Proceeds of the Tax-Exempt Bonds or of any amounts expected to be used to pay the principal thereof or the interest thereon which, if taken or omitted, respectively, would cause any Tax-Exempt Bonds to be classified as an "arbitrage bond" within the meaning of Section 148 of the Code. The Borrower further covenants and agrees that it will comply with and will take all action reasonably required, to the extent such action is within the Borrower's control, to insure that the Trustee complies with all applicable requirements of Section 148 of the Code and the rules and regulations of the United States Treasury Department thereunder relating to the Tax-Exempt Bonds and the interest thereon, including the employment of a Rebate Analyst for the calculation of any Rebate Amount to the United States Treasury Department. The Borrower agrees that

it will cause the Rebate Analyst to calculate the Rebate Amount annually not later than 45 days after the anniversary of the Closing Date and agrees to pay all costs associated therewith. Within 15 days after the date of each such calculation, the Borrower shall promptly deliver a report or letter from the Rebate Analyst setting forth the Rebate Amount, if any, then due and the methods used to calculate such amount (each, a "Rebate Report") to the Issuer and the Trustee and shall pay the Rebate Amount to the Trustee for deposit by the Trustee to the Rebate Fund. In addition, the Borrower shall prepare, or cause the Rebate Analyst to prepare, and deliver to the Trustee any forms required by the Internal Revenue Service to be submitted with payment of the Rebate Amount, if any, and the addresses to which such forms must be sent at the same time the related Rebate Report is delivered to the Trustee.

(d) Anything in this Loan Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Issuer and the Trustee may rely conclusively on the truth and accuracy of any certificate, opinion, notice, representation or instrument made or provided by the Borrower in order to establish the existence of any fact or statement of affairs solely within the knowledge of the Borrower, and which is required to be noticed, represented or certified by the Borrower hereunder or in connection with any filings, representations or certifications required to be made by the Borrower in connection with the issuance and delivery of the Bonds.

(e) In the event of any conflict between the tax covenants of Loan Agreement and the Tax Certificate, the requirements of the Tax Certificate shall control.

Section 4.18. Covenants under Indenture. The Borrower hereby acknowledges the provisions of the Indenture and agrees to fully and faithfully perform any the duties and obligations which the Borrower is required by or directed in the Indenture to perform.

Section 4.19. Notice of Default. The Borrower will advise the Issuer, the Trustee and the Bondholder promptly by Written Notice of the occurrence of any Default or Loan Agreement Default of which it has knowledge, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto.

Section 4.20. Covenant with Bondholders. The Issuer and the Borrower agree that this Loan Agreement is executed and delivered in part to induce the purchase by the Bondholder of the Bonds and, accordingly, all covenants and agreements of the Issuer and the Borrower contained in this Loan Agreement are hereby declared to be for the benefit of the Trustee and the Bondholder. Notwithstanding the foregoing, the Bondholder's rights to enforce this provision of this Loan Agreement are governed by the terms of the Indenture.

Section 4.21. Obligation of the Borrower to Complete the Project. The Borrower shall proceed with reasonable dispatch to acquire and construct the Project. If amounts on deposit in the Project Fund designated for the Project and available to be disbursed therefor are not sufficient to pay the costs of the acquisition and construction of the Project, the Borrower shall pay such additional costs from its own funds or other sources. The Borrower shall not be entitled to any reimbursement from the Issuer, the Trustee or Bondholder in respect of any such costs or to any diminution or abatement in the repayment of the Loans. The Issuer shall not be liable to the Borrower, the Bondholder or any other person if for any reason the Project is not completed or if the proceeds of the Loans are insufficient to pay all costs of the Project. The Issuer makes no representation or warranty, either express or implied, that moneys, if any, which will be paid into the Project Fund or otherwise made available to the Borrower will be sufficient to complete the Project, and the Issuer shall have no liability to the Borrower, the Bondholder or any other person if for any reason the Project is not completed.

Section 4.22. Redemption Reserve Fund. Borrower shall pay, or cause to be paid, to the Trustee for deposit in the Redemption Reserve Fund any amounts required to be paid pursuant to Section 2.8 of the Construction and Convertible Term Bond Financing Agreement.

ARTICLE V

NEGATIVE COVENANTS

Without the prior Written Consent of the Bondholder, the Borrower covenants and agrees that it will not, directly or indirectly:

Section 5.01. Liens. Create, incur, assume, permit or suffer to exist any mechanic's, materialmen's or other Lien on any portion of the Project, except Permitted Liens, unless such Lien is bonded or discharged within 30 days after the Borrower first receives notice of such Lien or unless the Borrower is contesting such Lien.

Section 5.02. Dissolution. Dissolve or liquidate, in whole or in part, merge with or consolidate into another Person.

Section 5.03. Change in Business or Operation of Property. Enter into any line of business other than the ownership and operation of the Project, or make any material change in the scope or nature of its business objectives, purposes or operations, or undertake or participate in activities other than the continuance of its present business and activities incidental or related thereto or otherwise cease to operate the Project as a multifamily property (other than during the period of initial construction of the Project prior to occupancy) or terminate such business for any reason whatsoever.

Section 5.04. Debt Cancellation. Cancel or otherwise forgive or release any claim or debt owed to the Borrower by a Person, except for adequate consideration or in the ordinary course of the Borrower's business in its reasonable judgment.

Section 5.05. Assets. Purchase or own any real property or personal property incidental thereto other than the Project.

Section 5.06. Transfers. Make, suffer or permit the occurrence of any transfer of the Project or any interest in Borrower other than a transfer permitted under the Regulatory Agreement and in accordance with the Tax Certificate, or transfer any material License required for the operation of the Project.

Section 5.07. Debt. Create, incur or assume any indebtedness for borrowed money, whether unsecured or secured by all or any portion of the Project (including subordinate debt), or any membership interest in the Borrower other than the Borrower Payment Obligations and secured indebtedness incurred pursuant to or permitted by the Bond Documents or the Construction and Convertible Term Bond Financing Agreement.

Section 5.08. Assignment of Rights. Attempt to (i) assign the Borrower's rights or interest under any Bond Document or Loan Document in contravention of any Bond Document or Loan Document, or (ii) surrender the Borrower's ownership interest in the Land.

Section 5.09. Principal Place of Business. Change its principal place of business without providing 30 days' prior Written Notice of the change to the Trustee, the Issuer and the Bondholder.

Section 5.10. Partnership Agreement. Surrender, terminate, cancel, modify, change, supplement, alter or amend in any material respect, or waive or release in any material respect any of its rights and remedies under, the Partnership Agreement, except as otherwise permitted in the Construction and Convertible Term Bond Financing Agreement.

ARTICLE VI

INSURANCE; CASUALTY; AND CONDEMNATION

Section 6.01. Insurance. The Borrower, at its sole cost, for the mutual benefit of the Borrower and the Trustee, as representative of the Bondholders, shall obtain and maintain during the term the policies of insurance required by the Construction and Convertible Term Bond Financing Agreement. All policies of insurance required pursuant to this Section shall conform to the requirements set forth in the Construction and Convertible Term Bond Financing Agreement. The Borrower shall deliver to the Bondholder a certified copy of each policy within 30 days after its effective date.

Section 6.02. Casualty. If the Project is damaged or destroyed, in whole or in part, by fire or other casualty (a "Casualty"), the Borrower shall give prompt Written Notice thereof to the Trustee, the Issuer and the Bondholder.

Section 6.03. Condemnation. The Borrower shall promptly, after obtaining knowledge thereof, give the Issuer, the Trustee and the Bondholder Written Notice of the actual or threatened commencement of any condemnation proceeding affecting the Project and shall deliver to the Issuer, the Trustee and the Bondholder copies of any and all papers served in connection with such condemnation.

ARTICLE VII

DEFAULTS

Section 7.01. Loan Agreement Defaults. Each of the following events shall constitute a "Loan Agreement Default":

(a) failure by the Borrower to make any Loan Payment or Additional Payment on the date such payment is due;

(b) failure by the Borrower to prepay a Note on the date such payment is due as required by Section 2.11;

(c) failure by or on behalf of the Borrower to pay when due any amount (other than as provided in subsections (a) or (b) above) required to be paid by the Borrower under this Loan Agreement, the Notes or any of the other Loan Documents, including a failure to repay any amounts that have been previously paid but are recovered, attached or enjoined pursuant to any insolvency, receivership, liquidation or similar proceedings, which default remains uncured for a period of three Business Days after Written Notice thereof shall have been given to the Borrower;

(d) any representation or warranty made by the Borrower in any Loan Document, or in any report, certificate, financial statement or other instrument, agreement or document furnished by the Borrower in connection with any Loan Document, shall be false or misleading in any material respect when made;

(e) the Borrower shall make a general assignment for the benefit of creditors or shall generally not be paying its debts as they become due;

(f) an Act of Bankruptcy with respect to the Borrower or any Guarantor;

(g) an event of default of the Borrower as defined or described in any other Loan Document to which the Borrower is a party occurs and any applicable notice and or cure period has expired;

(h) the Borrower shall continue to be in Default under any of the other terms, covenants or conditions of this Loan Agreement (other than paragraphs (a) through (h) above) for 30 days after notice from the Trustee, the Issuer or the Bondholder in the case of such other Default; provided, however, that if such other Default under this paragraph (i) is susceptible of cure but cannot reasonably be cured within such 30 day period, and the Borrower shall have commenced to cure such Default within such 30 day period and thereafter diligently and expeditiously proceeds to cure the same, such 30 day period shall be extended for an additional period of time as is reasonably necessary for the Borrower in the exercise of due diligence to cure such Default, such additional period not to exceed 60 days;

(i) the General Partner shall make a general assignment for the benefit of creditors, shall generally not be paying its debts as they become due, or an Act of Bankruptcy with respect to the General Partner shall occur, unless in all cases the General Partner is replaced with a substitute General Partner that satisfies the requirements of the Construction and Convertible Term Bond Financing Agreement; or

(j) Issuer and Trustee receive written notice from Bondholder that an Event of Default has occurred under and as defined in the Construction and Convertible Term Bond Financing Agreement.

After a Responsible Officer of the Trustee obtains actual knowledge of the occurrence of a Loan Agreement Default, the Trustee shall give Written Notice thereof to the Issuer, the Borrower, the Investor Limited Partner and the Bondholder.

Section 7.02. Remedies.

(a) Acceleration. Upon the occurrence of an Event of Default (other than an Event of Default described in paragraph (f) or (g) of Section 7.01) and at any time and from time to time thereafter, as long as such Event of Default continues to exist, in addition to any other rights or remedies available to the Trustee pursuant to the Bond Documents, the Loan Documents or at law or in equity, the Trustee shall, at the Written Direction of the Bondholder, take such action, without notice or demand, as the Bondholder deems advisable to protect and enforce its rights against the Borrower, including declaring the Borrower Payment Obligations to be immediately due and payable (including, without limitation, the principal of and interest on and all other amounts due on the Notes to be immediately due and payable), without notice or demand, and apply such payment of the Borrower Payment Obligations to the redemption of the Bonds pursuant to Section 4.04 of the Indenture; and upon any Event of Default described in paragraph (f) or (g) of Section 7.01, the Borrower Payment Obligations shall become immediately due and payable at the Bondholder's election, in the Bondholder's sole discretion (as the case may be), without notice or demand, and the Borrower hereby expressly waives any such notice or demand, anything contained in any Bond Document or Loan Document to the contrary

notwithstanding. Notwithstanding anything herein to the contrary, the Bondholder shall control the enforcement of the remedies hereunder and under the Indenture.

(b) Remedies Cumulative. Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to the Trustee against the Borrower under the Bond Documents, the Loan Documents or at law or in equity may be exercised by the Trustee, at the Written Direction of the Bondholder, at any time and from time to time, whether or not all or any of the Borrower Payment Obligations shall be declared due and payable, and whether or not the Trustee, the Bondholder shall have commenced any action for the enforcement of its rights and remedies under any of the Bond Documents or the Loan Documents. Any such actions taken by the Trustee or the Bondholder shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as the Bondholder may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of the Trustee or the Bondholder permitted by law, equity or contract or as set forth in the Bond Documents or the Loan Documents. Without limiting the generality of the foregoing, the Borrower agrees that if an Event of Default is continuing, all Liens and other rights, remedies or privileges provided to the Trustee and Bondholder shall remain in full force and effect until they have exhausted all of its remedies or the Borrower Payment Obligations have been paid in full. To the extent permitted by applicable law, nothing contained in any Bond Document or the Loan Document shall be construed as requiring the Trustee or the Bondholder to resort to any portion of the Project for the satisfaction of any of the Borrower Payment Obligations in preference or priority to any other portion, and the Trustee or Bondholder may seek satisfaction out of the entire property or any part thereof, in its absolute discretion.

(c) Delay. No delay or omission to exercise any remedy, right, power accruing upon an Event of Default, or the granting of any indulgence or compromise by the Trustee or the Bondholder shall impair any such remedy, right or power hereunder or be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Loan Agreement Default shall not be construed to be a waiver of any subsequent Default or Loan Agreement Default or to impair any remedy, right or power consequent thereon.

(d) Bondholder's and Trustee's Right to Perform the Obligations. If the Borrower shall fail, refuse or neglect to make any payment or perform any act required of it by the Bond Documents or the Loan Documents, then while any Loan Agreement Default exists, and without notice to or demand upon the Borrower and without waiving or releasing any other right, remedy or recourse the Trustee or the Bondholder may have because of such Loan Agreement Default, the Trustee or the Bondholder may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of the Borrower, and shall have the right to enter upon the Project for such purpose and to take all such action thereon and with respect to the Project as it may deem necessary or appropriate. If the Trustee or the Bondholder shall elect to pay any sum due with reference to the Project, the Trustee or the Bondholder may do so in reliance on any bill, statement or assessment procured from the appropriate governmental authority or other issuer thereof without inquiring into the accuracy or validity thereof. Similarly, in making any payments to protect the security intended to be created by the Bond Documents or the Loan Documents, the Trustee or the Bondholder shall not be bound to inquire into the validity of any apparent or threatened adverse title, lien, encumbrance, claim or charge before making an advance for the purpose of preventing or removing the same. All sums paid by the Trustee or the Bondholder pursuant to this Section 7.02, and all other sums expended by the Trustee or the Bondholder to which any of them shall be entitled to be indemnified, together with interest thereon at the Default Rate from the date of such payment or expenditure until paid, shall constitute additions to all amounts payable with respect to the Bonds, shall be

secured by the Bond Documents and shall be paid by the Borrower to the Trustee or the Bondholder upon demand.

(e) Trustee's Exercise of the Issuer's Remedies. Whenever any Loan Agreement Default shall have occurred and be continuing, the Trustee may at the Written Direction of the Bondholder, but shall not be obligated to, exercise any or all of the rights of the Issuer under this Article, upon notice as required of the Issuer unless the Issuer has already given the required notice. In addition, the Trustee shall have available to it all of the remedies prescribed by the Indenture. Notwithstanding anything herein to the contrary, the Issuer may not exercise any remedies available to the Issuer against the Borrower under the Bond Documents or the Loan Documents or at law or in equity in order to enforce its Unassigned Issuer's Rights, other than the remedy of specific performance, without the consent of the Bondholder.

(f) Assumption of Obligations. If the Trustee or the Bondholder or their respective assignee or designee shall become the legal or beneficial owner of the Project, such party shall succeed to the rights and assume the obligations of the Borrower under this Loan Agreement, the Notes, the Regulatory Agreement and any other Loan Documents. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower. It is the intention of the parties hereto that upon the occurrence and continuance of a Loan Agreement Default, rights and remedies may be pursued pursuant to the terms of the Bond Documents and the Loan Documents. The parties hereto acknowledge that, among the possible outcomes to the pursuit of such remedies, is the situation where the Trustee, the Bondholder or their respective assignees or designees becomes the owner of the Project and assumes the obligations identified above, and the Notes, the Bonds and the other Bond Documents and Loan Documents remain outstanding.

(g) Right to Directly Enforce. Notwithstanding any other provision hereof to the contrary, the Bondholder shall have the right to directly enforce all rights and remedies hereunder with or without involvement of the Issuer or the Trustee, other than the provision of any notice required hereunder, provided that only the Issuer may enforce the Unassigned Issuer's Rights.

(h) No Levy or Other Execution. None of the Issuer, the Trustee or the Bondholder shall have any right to levy, execute or enforce any judgment in respect of the Borrower's obligations under this Loan Agreement, including the Unassigned Issuer's Rights, against the property subject to the lien of the Mortgage.

Section 7.03. Cure by Investor Limited Partner. The Issuer and the Borrower hereby agree that cure of any Default or Event of Default made or tendered by the Investor Limited Partner on behalf of the Borrower 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, provided that the Investor Limited Partner's right to cure shall not extend any cure period. The Investor Limited Partner shall be entitled to receive a copy of any default notice delivered to the Borrower hereunder, provided, however, that failure to provide a copy of such notice to the Investor Limited Partner or the Investor Limited Partner's failure to receive such notice shall in no event be considered a default hereunder.

ARTICLE VIII

[INTENTIONALLY OMITTED.]

ARTICLE IX

MISCELLANEOUS

Section 9.01. Notices. All notices, consents, approvals and requests required or permitted hereunder or under any other Bond Document (a “notice”) shall be given in the manner and under the conditions set forth in the Indenture, addressed to the appropriate party at the address set forth in Section 13.01 of the Indenture.

Section 9.02. Brokers and Financial Advisors. The Borrower hereby represents that it has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the Loans, other than those disclosed to the Bondholder and whose fees shall be paid by the Borrower pursuant to a separate agreement. The Borrower and the Bondholder shall indemnify and hold the other harmless from and against any and all claims, liabilities, costs and expenses of any kind in any way relating to or arising from a claim by any Person that such Person acted on behalf of the indemnifying party in connection with the transactions contemplated herein. The provisions of this Section 9.02 shall survive the expiration and termination of this Loan Agreement and the repayment of the Borrower Payment Obligations.

Section 9.03. Survival. This Loan Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by the Issuer of the Loans and the execution and delivery to the Trustee of the Note, and shall continue in full force and effect so long as all or any of the Borrower Payment Obligations is unpaid. All the Borrower’s covenants and agreements in this Loan Agreement shall inure to the benefit of the respective legal representatives, successors and assigns of the Issuer, the Bondholder or the Trustee on behalf of the Bondholder.

Section 9.04. Governing Law. This Loan Agreement shall be governed by the laws of the State applicable to contracts made and performed in the State.

Section 9.05. Modification, Waiver in Writing. No modification, amendment, extension, discharge, termination or waiver of any provision of this Loan Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to or demand on the Borrower shall entitle the Borrower to any other or future notice or demand in the same, similar or other circumstances.

Section 9.06. Delay Not a Waiver. Neither any failure nor any delay on the part of the Trustee or the Bondholder in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder, or under any other Loan Document, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under any Loan Document, the Trustee and the Bondholder shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under the Loan Documents, or to declare an Event of Default for failure to effect prompt payment of any such other amount.

Section 9.07. Waiver of Jury Trial. If and to the extent permitted by applicable law, the Borrower hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with

regard to the Loan Documents, or any claim, counterclaim or other action arising in connection therewith. This waiver of right to trial by jury is given knowingly and voluntarily by the Borrower, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue. The Trustee and the Bondholder is each hereby authorized to file a copy of this paragraph in any proceeding as conclusive evidence of this waiver by the Borrower. This Section in no way affects the right of the Issuer to elect a trial by jury.

Section 9.08. Headings. The Section headings in this Loan Agreement are included herein for convenience of reference only and shall not constitute a part of this Loan Agreement for any other purpose.

Section 9.09. Severability. Wherever possible, each provision of this Loan Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Loan Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Loan Agreement.

Section 9.10. Preferences. The Trustee shall have the continuing and exclusive right to apply or reverse and reapply in accordance with the Bond Documents any and all payments by the Borrower to any portion of the Borrower Payment Obligations. To the extent the Borrower makes a payment to the Trustee or the Trustee receives proceeds of any Collateral, which is in whole or part subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Borrower Payment Obligations or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by the Trustee.

Section 9.11. Waiver of Notice. The Borrower shall not be entitled to any notices of any nature whatsoever from the Issuer, the Bondholder or the Trustee except with respect to matters for which this Loan Agreement or any other Loan Document specifically and expressly provides for the giving of notice by the Issuer, the Bondholder or the Trustee, as the case may be, to the Borrower and except with respect to matters for which the Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. The Borrower hereby expressly waives the right to receive any notice from the Issuer, the Bondholder or the Trustee as the case may be with respect to any matter for which no Loan Document specifically and expressly provides for the giving of notice by the Issuer, the Bondholder or the Trustee to the Borrower and except with respect to matters for which the Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice.

Section 9.12. Prior Agreements. This Loan Agreement and the other Loan Documents contain the entire agreement of the parties hereto and thereto in respect of the Loan and the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written, are superseded by the terms of this Loan Agreement and the other Loan Documents.

Section 9.13. Offsets, Counterclaims and Defenses. The Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by the Trustee or the Bondholder with respect to a Loan Payment. Any assignee of Bondholder's interest in and to the Bond Documents shall take the same free and clear of all offsets, counterclaims or defenses that are unrelated to the Bond Documents which the Borrower may otherwise have against any assignor of such documents, and no such

unrelated offset, counterclaim or defense shall be interposed or asserted by the Borrower in any action or proceeding brought by any such assignee upon such documents, and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by the Borrower.

Section 9.14. Publicity. The Bondholder shall have the right to issue press releases, advertisements and other promotional materials describing the Bondholder's participation in the purchasing of the Bonds. The Borrower or its Affiliates will not issue news releases, publicity or advertising through any media intended to reach the general public, which refers to the Bond Documents, the Loan Documents, the Loans, the Bondholder or the Trustee, without the prior Written Consent of the Bondholder.

Section 9.15. No Usury. The Borrower, the Issuer and the Trustee intend at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits a party to contract for, charge, take, reserve or receive a greater amount of interest than under state law) and that this Section 9.15 shall control every other agreement in the Loan Documents. If the applicable law (state or federal) is ever judicially interpreted so as to render usurious any amount called for under the Notes or any other Loan Document, or contracted for, charged, taken, reserved or received with respect to the Borrower Payment Obligations, or if the Trustee's acceleration of the maturity of the Loans or any prepayment by the Borrower or any premium or Late Charge results in the Borrower having paid any interest in excess of that permitted by applicable law, then it is the parties' express intent that all excess amounts theretofore collected by the Trustee shall be credited against the unpaid Principal and all other elements of the Borrower Payment Obligations (or, if the Borrower Payment Obligations has been or would thereby be paid in full, refunded to the Borrower), and the provisions of the Loan Documents immediately be deemed reformed and the amounts thereafter collectible thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for thereunder. All sums paid or agreed to be paid to the Trustee for the use, forbearance or detention of the Loans shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated terms of the Loans until payment in full so that the rate or amount of interest on account of the Loans does not exceed the maximum lawful rate from time to time in effect and applicable to the Loans for so long as the Loans or any of them are outstanding. Notwithstanding anything to the contrary contained in any Loan Document, it is not the intention of the Trustee to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

Section 9.16. Construction of Documents. The parties hereto acknowledge that they were represented by counsel in connection with the negotiation and drafting of the Loan Documents and that the Loan Documents shall not be subject to the principle of construing their meaning against the party that drafted them.

Section 9.17. No Third-Party Beneficiaries. The Loan Documents are solely for the benefit of Bondholder, the Issuer, the Trustee and the Borrower and nothing contained in any Loan Document shall be deemed to confer upon anyone other than the Bondholder, the Issuer, the Trustee, the Investor Limited Partner and the Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained therein.

Section 9.18. Assignment. The Bonds, the Bond Documents and all Bondholder's rights, title, obligations and interests therein may be assigned by the Bondholder, subject to the terms of the Indenture. Upon such assignment, all references to Bondholder in this Loan Agreement and in any Loan Document shall be deemed to refer to such assignee or successor in interest and such assignee or successor in interest shall thereafter stand in the place of the Bondholder or

subsequent Bondholders. The Borrower may not assign its rights, interests or obligations under this Loan Agreement or under any of the Loan Documents, except only as may be expressly permitted hereby or by the other Loan Documents.

Section 9.19. COMPLETE AND CONTROLLING AGREEMENT. THIS LOAN AGREEMENT AND THE OTHER BOND DOCUMENTS TO WHICH THEY ARE PARTIES COMPLETELY SETS FORTH THE AGREEMENT BETWEEN THE ISSUER AND THE BORROWER AS TO THE MATTERS COVERED BY THIS LOAN AGREEMENT AND FULLY SUPERSEDES ALL PRIOR AGREEMENTS, BOTH WRITTEN AND ORAL, BETWEEN THE ISSUER AND THE BORROWER RELATING TO ALL SUCH MATTERS. THE TERMS AND PROVISIONS OF THIS LOAN AGREEMENT MAY BE AMENDED OR SUPERSEDED ONLY BY A WRITTEN INSTRUMENT (SUBJECT TO THE PROVISIONS OF ARTICLE XI OF THE INDENTURE) AND NO ORAL AGREEMENTS, PRACTICES, STANDARDS OR OTHER EXTRINSIC COMMUNICATIONS OR FACTS SHALL HAVE ANY BEARING ON THE INTERPRETATION OR ENFORCEMENT OF THIS LOAN AGREEMENT EXCEPT AS OTHERWISE EXPRESSLY AGREED TO IN WRITING BY THE ISSUER AND THE BORROWER.

Section 9.20. Consents. Wherever in this Loan Agreement it is provided that the Issuer or the Trustee shall, may or must give its approval or consent, or execute supplemental agreements or schedules, the Issuer or the Trustee may not unreasonably or arbitrarily withhold, delay or refuse such approvals or consents.

Section 9.21. Issuer, Trustee and Bondholder Not in Control; No Partnership. None of the covenants or other provisions contained in this Loan Agreement shall, or shall be deemed to, give the Issuer, the Trustee or the Bondholder the right or power to exercise control over the affairs or management of the Borrower, the power of the Issuer, the Trustee and the Bondholder being limited to the rights to exercise the remedies referred to in the Loan Documents. The relationship between the Borrower and the Issuer, the Trustee and the Bondholder is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Loan Documents is intended, nor shall it be deemed or construed, to create a partnership, joint venture, agency or common interest in profits or income between the Borrower and the Issuer, the Trustee or the Bondholder or to create an equity in the Project, in the Issuer, the Trustee or the Bondholder. None of the Issuer, the Trustee or the Bondholder undertakes or assumes any responsibility or duty to the Borrower or to any other person with respect to the Project or the Loans, except as expressly provided in the Loan Documents; and notwithstanding any other provision of the Loan Documents: (a) the Issuer, the Trustee and the Bondholder are not, and shall not be construed as, a partner, joint venturer, alter ego, manager, controlling person or other business associate or participant of any kind of the Borrower or its stockholders, members or partners and the Issuer, the Trustee and the Bondholder do not intend to ever assume such status; (b) the Issuer, the Trustee and the Bondholder shall in no event be liable for any the Borrower Payment Obligations, expenses or losses incurred or sustained by the Borrower; and (c) the Issuer, the Trustee and the Bondholder shall not be deemed responsible for or a participant in any acts, omissions or decisions of the Borrower or its stockholders, members or partners. The Issuer, the Trustee, the Bondholder and the Borrower disclaim any intention to create any partnership, joint venture, agency or common interest in profits or income between the Issuer, the Trustee, the Bondholder and the Borrower, or to create an equity in the Project, in the Issuer, the Trustee or the Bondholder, or any sharing of liabilities, losses, costs or expenses.

Section 9.22. Time of the Essence. Time is of the essence with respect to this Loan Agreement.

Section 9.23. Release. The Borrower hereby acknowledges that it is executing this Loan Agreement and each of the Loan Documents to which it is a party as its own voluntary act free from duress and undue influence.

Section 9.24. Assignments to Trustee. It is understood and agreed that all right, title and interest of the Issuer in and to this Loan Agreement (other than the Unassigned Issuer's Rights) are to be pledged and assigned by the Issuer to the Trustee in trust as security for the Bonds under and pursuant to the Indenture. The Borrower consents to such pledge and assignment. The Issuer directs the Borrower, and the Borrower agrees, to pay or cause to be paid to the Trustee at its corporate trust office set forth in Section 13.01 of the Indenture, all payments so assigned pursuant to this Section.

Section 9.25. Term of Loan Agreement. This Loan Agreement shall be in full force and effect until the Bonds are no longer Outstanding under the Indenture, the Bond Payment Obligation and other payment obligations of the Borrower hereunder have been paid in full or the payment thereof has been provided for; except that on and after payment in full of the Notes, this Loan Agreement shall be terminated, without further action by the parties hereto; provided, however, that the obligations of the Borrower under Sections 2.06, 3.01(g), 3.01(j), 4.10, 4.13, 4.14, 4.17, and 9.26 shall survive the termination of this Loan Agreement.

Section 9.26. Reimbursement of Expenses. If, upon or after the occurrence of any Loan Agreement Default or Default, the Issuer, the Trustee or the Bondholder shall employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein, the Borrower will on demand therefor reimburse the Issuer, the Trustee and the Bondholder for the fees of such attorneys and such other expenses so incurred. The Borrower's obligation to pay the amounts required to be paid hereunder and under Section 2.06 hereof shall be subordinate to its obligations to make payments under the Notes.

Section 9.27. Execution in Several Counterparts. This Loan Agreement may be contemporaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

ARTICLE X

LIMITATIONS ON LIABILITY

Section 10.01. Limitation on Liability of Bondholder's Officers, Employees, Etc. Any obligation or liability whatsoever of the Bondholder that may arise at any time under this Loan Agreement or any other Loan Document shall be satisfied, if at all, out of the Bondholder's assets only. No such obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, the Project or any of the Bondholder's managers, shareholders, directors, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

Section 10.02. Waiver of Personal Liability. No Commissioner, officer, agent or employee of the Issuer or any director, officer, agent or employee of the Borrower shall be individually or personally liable for the payment of any principal (or redemption price) or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement; but nothing herein contained shall relieve any such Commissioner, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

Section 10.03. No Liability of Issuer. The Issuer shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from Pledged Revenues. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Issuer is pledged to the payment of the principal (or redemption price) or interest on the Bonds. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Loan Agreement.

The Borrower hereby acknowledges that the Issuer's sole source of money to repay the Bonds will be provided by the payments made by the Borrower pursuant to this Loan Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or redemption price) and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor.

Section 10.04. No Liability of Officers. No recourse under or upon any obligation, covenant, or agreement or in any Bonds, or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any Commissioner, employee, agent or officer, 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 thereof, or for or to the Owner of any Bonds, of any sum that may be due and unpaid by the Issuer upon any of 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 Commissioner, employee, agent or officer, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Owner of any Bonds, of any sum that may remain due and unpaid upon the Bonds or any of them, is hereby expressly waived and released as a condition of and consideration for the execution of this Loan Agreement and the issuance of the Bonds.

Section 10.05. Reliance. The representations, covenants, agreements and warranties set forth in this Loan Agreement may be relied upon by the Issuer and the Trustee. In performing their duties and obligations under this Loan Agreement and under the Indenture, the Issuer and the Trustee may rely upon statements and certificates of the Borrower, upon certificates of tenants believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Borrower pertaining to occupancy of 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 under this Loan Agreement and under the Indenture in good faith and in conformity with the opinion of such counsel. It is expressly understood and agreed by the parties to this Loan Agreement (other than the Issuer) that:

(a) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, any

Bondholder or the Borrower as to the existence of a fact or state of affairs required under this Loan Agreement or any other Loan Document to be noticed by the Issuer;

(b) the Issuer shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by the Trustee or the Borrower, as applicable; and

(c) none of the provisions of this Loan Agreement or any other Loan Document shall require the Issuer or the Trustee to expend or risk its own funds (apart from the proceeds of Bonds issued under the Indenture) or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under this Loan Agreement or any other Loan Document, unless it shall first have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking any such action.

Section 10.06. Delivery of Reports, Etc. The delivery of reports, information and documents to the Issuer as provided herein is for informational purposes only and the Issuer's receipt of such shall not constitute constructive knowledge of any information contained therein or determinable from information contained therein. The Issuer shall have no duties or responsibilities except those that are specifically set forth herein, and no other duties or obligations shall be implied in this Loan Agreement against the Issuer.

[Remainder of page intentionally left blank; signature page follows]

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

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____

Its: _____

19048.44:J16935

[signature page to Loan Agreement – ULRIC Street Apartments]

BORROWER:

ULRIC STREET HOUSING ASSOCIATES, L.P.,
a California limited partnership

By: Ulric Street Housing Opportunities LLC,
a California limited liability company,
its general partner

By: Community HousingWorks,
a California nonprofit public benefit
corporation,
its sole member / manager

By: _____
Mary Jane Jagodzinski,
Senior Vice President

MARKED TO SHOW CHANGES.

LOAN AGREEMENT

between the

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

and

**ULRIC STREET HOUSING ASSOCIATES, L.P.,
as Borrower**

Dated as of October 1, 2020

Relating to:

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-1 (Construction/Permanent),**

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-2 (Construction),**

and

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-3 (Taxable)**

The interest of the Issuer in this Loan Agreement (except for certain rights described herein) has been pledged and assigned to [The Bank of New York Mellon Trust Company, N.A.](#), as trustee (the "Trustee"), under the Trust Indenture dated as of October 1, 2020, by and between the Issuer and the Trustee.

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LOAN AGREEMENT

THIS LOAN AGREEMENT is entered into as of October 1, 2020 (as amended, modified, restated or supplemented, this "Loan Agreement"), between the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a public body, corporate and politic, organized and existing under the laws of the State of California (together with its successors and assigns, the "Issuer"), and ULRIC STREET HOUSING ASSOCIATES, L.P., a limited partnership duly organized and existing under the laws of the State of California (together with its permitted successors and assigns, the "Borrower").

RECITALS:

A. The Issuer is authorized by Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (the "Act") to issue revenue bonds for the purpose of financing, among other things, the acquisition, construction and development of multifamily rental housing and for the provision of capital improvements in connection therewith and determined necessary thereto;

B. The Borrower has requested the assistance of the Issuer in financing the acquisition and construction of an a 96-unit multifamily rental housing development to be known as ULRIC Street Apartments, to be located in the City of San Diego, California (the "Project"), and as a condition to such financial assistance the Borrower has agreed to enter into a Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith (the "Regulatory Agreement") setting forth certain restrictions with respect to the Project;

C. The Issuer has determined to assist in the financing of the Project by issuing its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments) Series 2020G-1 (Construction/Permanent), in the principal amount of \$ _____ (the "Series G-1 Bonds"), its Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-2 (Construction) in the principal amount of \$ _____ (the Series G-2 Bonds"), and its Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-3 (Taxable) in the principal amount of \$ _____ (the "Series 2020G-3 Bonds," and together with the Series 2020G-1 Bonds and the Series 2020G-2 Bonds, the "Bonds"), pursuant to a Trust Indenture, dated as of October 1, 2020 (the "Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and making three loans (collectively, the "Loans") to the Borrower in the respective amounts of such **respective** principal amounts of the Bonds, upon the terms and conditions set forth herein; and

D. The Borrower has delivered to the Issuer its promissory note dated as of the Closing Date in an original principal amount equal to the original aggregate principal amount of the Bonds (as the same may be amended, supplemented, replaced or modified from time to time, the "Note"). The Note evidences the Borrower's obligation to repay the Loan and the Issuer has made the Loan to the Borrower, subject to the terms and conditions of this Loan Agreement and the Indenture.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the mutual covenants and representations hereinafter contained, the parties hereto agree as follows:

ARTICLE II

GENERAL

Section 2.01. Issuance of Bonds. To provide funds for the purposes provided herein, the Issuer agrees that, in accordance with the Act and the Indenture, it will issue and sell the Bonds and cause the Bonds to be delivered to the purchaser thereof. The Bonds will be drawn down as set forth in the Indenture. The proceeds of the sale of the Bonds shall be paid to the Trustee from time to time for the account of the Issuer. The Trustee shall promptly deposit the proceeds of the sale of the Bonds as provided in Section 3.08 of the Indenture.

Section 2.02. Assignment to Trustee. As security for the Bonds, the Issuer has pledged and assigned the Trust Estate to the Trustee under and pursuant to the Indenture. Upon its execution and the payment of the initial purchase price of the Bonds, the Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or any further act, except in the case of the Notes, which shall be delivered to the Trustee. The Borrower hereby acknowledges and consents to such assignment to the Trustee.

Section 2.03. Loan of Bond Proceeds; Note. Upon the issuance of the Bonds and deposit under the Indenture of the sale proceeds of the Bonds received from time to time in accordance with the Indenture and this Loan Agreement, the Issuer shall be deemed to have made the Loans to the Borrower in the respective amounts of the Disbursed Amount for each series of the Bonds. The Loans will mature and be payable at the times and in the amounts required under the terms of the Notes. The proceeds of the Loans shall be used by the Borrower to pay costs of the acquisition and construction of the Project and for certain other purposes specified in the Indenture. The Borrower hereby accepts the Loans and acknowledges that the Issuer shall cause the proceeds of the Bonds to be deposited with the Trustee in the manner set forth in Section 5.02 of the Indenture and applied as set forth in the Indenture. The Borrower hereby agrees to execute the Notes, as evidence of its obligation to repay the Loans, and to deliver the Notes simultaneously with the delivery of this Loan Agreement to the Issuer. The Notes shall bear interest on the unpaid principal balances thereof at the interest rates provided for in the Notes and the Construction and Convertible Term Bond Financing Agreement.

Section 2.04. Disbursements of the Loan and the Bonds.

(a) The Bondholder shall advance funds to purchase the Bonds and fund the Loans as provided herein, in the Construction and Convertible Term Bond Financing Agreement and in the Indenture. Notwithstanding anything contained in this Loan Agreement or in any other agreement to the contrary, the Bondholder shall not be required to fund the Loans or approve any disbursement of Bond proceeds (except for fees, costs and reimbursements payable to Bondholder), unless and until Bondholder has determined in its sole and absolute discretion that all conditions precedent thereto as set forth in the Indenture, the Construction and Convertible Term Bond Financing Agreement and this Loan Agreement have been satisfied.

(b) Under no circumstances shall the aggregate amount of funds requisitioned hereunder, and chargeable to the Loans, exceed the Authorized Amount, which shall be derived from funds advanced to purchase the Bonds in an amount which shall not exceed the Authorized Amount, and no funds shall be advanced hereunder after October 1, 2023. Notwithstanding any other provision of this Agreement: (i) the principal amount of the Convertible Term Loan shall equal the purchase price of the Series 2020G-1 Bonds advanced by the Bondowner, not to exceed ~~the~~ an aggregate of \$_____ ; (ii) the principal amount of the Tax-Exempt Construction Loan shall equal the purchase price of the Series 2020G-2 Bonds

advanced by the Bondowner, not to exceed an aggregate of \$_____ ; and the principal amount of the Taxable Construction Loan shall equal the purchase price of the Series 2020G-3 Bonds advanced by the Bondowner, not to exceed ~~the~~ an aggregate of \$_____ ; all to the extent such respective Bonds are Outstanding under the Indenture and the related Loan has not been repaid under this Loan Agreement. The Bondholder and the Borrower agree to notify the Trustee of the date and amount of each disbursement of the Loans (which disbursements shall be made by the deposit of Bond advances in the Bond Proceeds Account of the Project Fund under the Indenture) for notation on the Principal Logs as additional payment of purchase price of the Bonds by delivery of a completed Written Requisition. Notwithstanding anything to the contrary herein, no amounts of the Loans may be drawn down and funded hereunder after October 1, 2023 without the prior delivery of a No Adverse Effect Opinion.

(c) The Borrower may submit Written Requisitions to the Bondholder as provided in of the Construction and Convertible Term Bond Financing Agreement.

(d) The Bondholder shall pay the initial purchase price of the Series 2020G-__ Bonds, \$_____, to the Trustee on the Closing Date for deposit into the Bond Proceeds Account of the Project Fund as the purchase price of a portion of the Series G-__ Bonds, which amounts shall be held by the Trustee as provided under the Indenture. Upon the satisfaction of the terms and conditions set forth in the Indenture, the funds on deposit in the Bond Proceeds Account of the Project Fund shall be disbursed by the Trustee on the same terms as provided for hereunder, under the Indenture and under the Construction and Convertible Term Bond Financing Agreement. No funds shall be disbursed from the Bond Proceeds Account of the Project Fund without the prior written consent of Bondholder, except as otherwise provided in Section 6.07 of the Indenture.

(e) Moneys in the Project Fund shall be disbursed as provided in Section 6.07 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 6.06 of the Indenture.

Section 2.05. Loan Payments.

(a) The Borrower shall make Loan Payments in such amounts, at such times and as otherwise provided in the Notes and Section 2 of the Construction and Convertible Term Bond Financing Agreement. Each Loan Payment made by the Borrower shall be made in funds immediately available to the Trustee by 2:00 p.m., St. Louis, Missouri time, on the first day of each calendar month, commencing November 1, 2020 (each, a "Loan Payment Date"); provided that whenever any Loan Payment shall be stated to be due on a day that is not a Business Day, such payment shall be due on the first Business Day immediately thereafter. Each such payment shall be made by deposit to such account as the Trustee designates evidenced by monthly statements to the Borrower. All payments made by the Borrower hereunder or by the Borrower under the other Bond Documents, shall be made irrespective of, and without any deduction for, any set offs or counterclaims, but such payment shall not constitute a waiver of any such set offs or counterclaims.

(b) The Borrower and the Issuer each acknowledge that, except as provided by the express terms of the Bond Documents, neither the Borrower nor the Issuer has any interest in any moneys deposited in the funds or accounts established under the Indenture and such funds or accounts shall be in the custody of and (except for moneys due the Issuer on deposit in the Expense Fund and the Rebate Fund) held by the Trustee in trust for the benefit of the Bondholder.

equal to five percent (5%) of the amount of the overdue payment, for the purpose of reimbursing Bondholders for a portion of the expense incident to handling the overdue payment. This late charge shall apply individually to all payments past due and there will be no daily prorated adjustment. This provision shall not be deemed to excuse a late payment or be deemed a waiver of any other rights Trustee or Bondholder may have including the right to declare all amounts owing under a Note (including principal and interest) to be immediately due and payable in full. Borrower agrees that this "late payment charge" is a provision for liquidated damages and represents a fair and reasonable estimate of the damages Bondholder will incur by reason of the late payment considering all circumstances known to Borrower and Bondholder on the date hereof. Borrower further agrees that proof of actual damages will be difficult or impossible.

Section 2.09. Obligations of the Borrower Absolute and Unconditional.

(a) Subject to Section 10.01, the obligations of the Borrower under this Loan Agreement and the Notes to make Loan Payments and Additional Payments on or before the date the same become due, and to perform all of its other obligations, covenants and agreements hereunder shall be absolute and unconditional, and shall be paid or performed without notice or demand, and without abatement, deduction, set off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether the Borrower's title to the Project or to any part thereof is defective or nonexistent, and notwithstanding any damage due to loss, theft or destruction of the Project or any part thereof, any failure of consideration or frustration of commercial purpose, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project, legal curtailment of the Borrower's use thereof, the eviction or constructive eviction of the Borrower, any change in the tax or other laws of the United States of America, the State or any political subdivision thereof, any change in the Issuer's legal organization or status, or any default of the Issuer or the Trustee hereunder or under any other Bond Document, and regardless of the invalidity of any action of the Issuer or the invalidity of any portion of this Loan Agreement. The Borrower hereby waives, to the extent permitted by applicable law, the application to it of the provisions of any law now or hereafter in effect contrary to any of its obligations, covenants or agreements under this Loan Agreement and the Notes or which releases or purports to release the Borrower therefrom. Nothing contained herein shall be construed as prohibiting the Borrower from pursuing any rights or remedies it may have against any Person in a separate legal proceeding.

(b) The Borrower may, however, at its own cost and expense and in its own name or in the name of the Issuer, but only with the prior written consent of Bondholder, prosecute or defend any action or proceeding or take any other action involving third persons that the Borrower deems reasonably necessary to secure or protect its right of possession, occupancy and use hereunder, and in such event the Issuer hereby agrees to cooperate fully with the Borrower, at the expense of the Borrower, and to take all action necessary to effect the substitution of the Borrower for the Issuer in any such action or proceeding if the Borrower shall so request.

Section 2.10. Optional Prepayment of Notes.

(a) The Borrower shall have the option to prepay, in whole, any of the Notes to the extent and in the manner set forth herein and in ~~each respective Note~~ [the Construction and Convertible Term Bond Financing Agreement](#), exercisable by Written Notice to the Issuer and the Trustee, and with the Written Consent of the Bondholder given at least 20 days prior to the proposed prepayment date, for the purpose of redeeming any Outstanding Bond in accordance with Section 4.01 of the Indenture on a permitted redemption date of the related Bonds or paying the related Bonds at maturity.

(b) In connection with any such proposed prepayment of a Note, the Borrower shall deposit Eligible Funds with the Trustee by 10:00 a.m., Trustee local time, not less than one Business Day prior to the date of prepayment at a prepayment price equal to the principal balance of the Note being prepaid, plus interest on such Note to the date of prepayment, plus any Additional Payments due and payable hereunder through the date of prepayment. Such amounts shall be applied to the redemption of some or all of the related Bonds and payment of all amounts due hereunder. The Borrower shall deliver such certifications and shall satisfy such conditions as set forth in Section 4.01 of the Indenture with respect to the optional redemption of some or all of the Outstanding Bonds.

Section 2.11. Mandatory Prepayment of Notes. The Borrower shall prepay the outstanding principal balance of a Note at the Written Direction of the Bondholder, in whole or in part, at a prepayment price equal to the principal balance of the respective Note being prepaid, plus interest on such Note to the date of prepayment, plus any other amounts payable under such Note or this Loan Agreement, for the purpose of redeeming the related Bonds as provided in Section 4.02, 4.03, 4.04 or 4.05 of the Indenture, as applicable, or upon the occurrence of any event or condition described below:

(a) all of the Notes in whole, if the Project has been damaged or destroyed to the extent that it is not practicable or feasible to rebuild, repair or restore the damaged or destroyed property within the period and under the conditions described in the Mortgage following such event of damage or destruction; or

(b) all of the Notes in whole, if title to, or the use of, all or a substantial portion of the Project has been taken under the exercise of the power of eminent domain by any governmental authority with the result that the Borrower is thereby prevented from carrying on its normal operation of the Project within the period and under the conditions described in the Mortgage; or

(c) the Notes in whole or in part, to the extent that insurance proceeds or proceeds of any condemnation award with respect to any Project are not applied to restoration of the Project in accordance with the provisions of the Mortgage; or

(d) with respect to any Note, in whole on ~~the~~ such Note's Maturity Date; or

(e) in whole on the Initial Maturity Date or, if applicable, the Extended Initial Maturity Date (as such terms are defined in the Construction and Convertible Term Bond Financing Agreement), but with respect to the Convertible Note, only if Conversion (as defined in the Construction and Convertible Term Bond Financing Agreement) does not occur; or

(f) as otherwise provided in each of the Notes.

Such prepayment shall be due and payable by no later than 10:00 a.m., Trustee's principal office local time, at least one Business Day before the date fixed by the Trustee for redemption of the related Bonds pursuant to the Indenture, which date shall be communicated by the Trustee in writing to the Issuer, the Bondholder and the Borrower in accordance with the Indenture. To the extent that the Borrower or the Trustee receive any insurance proceeds or condemnation awards that are to be applied to the prepayment of the Notes, such amounts shall be applied to the prepayment of the Notes as determined by the Bondowner and the corresponding redemption of the related Bonds.

~~Section 2.12. Intentionally omitted Option to Extend Termination Date. Upon satisfaction of the terms and conditions set forth in Section 2.8 of the Construction and Convertible Term Bond Financing Agreement, Borrower has the option to extend the Maturity Date of the Tax-Exempt Construction Note and the Taxable Construction Note to~~

Section 2.13. Calculation of Interest Payments. The Issuer and the Borrower acknowledge that calculation of all interest payments shall be made by the Bondholder in accordance with the Indenture and the Notes.

Section 2.14. Grant of Security Interest; Application of Funds. As security for payment of the Borrower Payment Obligations and the performance by the Borrower of all other terms, conditions and provisions of the Bond Documents, the Borrower hereby pledges and assigns to the Trustee, as assignee of the Issuer, and grants to the Trustee a security interest in, all the Borrower's right, title and interest in and to all payments to or moneys held in the funds and accounts created and held by the Trustee under the Indenture. This Loan Agreement is, among other things, intended by the parties to be a security agreement for purposes of the UCC. Upon the occurrence and during the continuance of a Loan Agreement Default hereunder, the Trustee shall apply or cause to be applied any sums held by the Trustee under the Indenture in accordance with Section 9.04 of the Indenture.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.01. Borrower Representations. The Borrower represents and warrants for the benefit of the Issuer, the Trustee and the Bondholder, as of the date of execution hereof, as follows:

(a) The Borrower is a limited partnership duly organized, validly existing and in good standing under the laws of the State, has requisite power and authority, and all material rights, licenses, permits and authorizations, governmental or otherwise, necessary to own its properties and to transact business in the State. The Borrower is duly qualified to do business and is in good standing in the State and each other jurisdiction where the failure to be so qualified would have a material adverse effect upon the Borrower. The sole business of the Borrower is the ownership, management and operation of the Project. All general partners, if any, of the Borrower are duly incorporated, organized and in good standing under the laws of their respective states of organization and are duly qualified to transact business in the State.

(b) The Borrower has taken all necessary action to authorize the execution, delivery and performance of the Loan Documents. The Loan Documents have been duly executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, subject to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and general principles of equity.

(c) The execution, delivery and performance of the Loan Documents will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any Lien (other than pursuant to the Bond Documents) upon the Project or the Borrower pursuant to the terms of, any agreement or instrument to which the Borrower is a party or by which its property is subject, nor will such action result in any violation of the provisions of any statute or any

(i) The Project satisfies all requirements of the Act and the Code with respect to multifamily rental housing.

(j) The Project is, as of the date of issuance of the Bonds, in compliance with all requirements of the Regulatory Agreement; and the Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code, and pursuant to leases which comply with all applicable laws.

Section 3.02. Issuer Representations. The Issuer makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Issuer is a public body, corporate and politic, organized and existing under the laws of the State. The Issuer has all necessary power and authority to issue the Bonds and to execute and deliver this Loan Agreement, the Indenture, and the Regulatory Agreement, and to perform its duties and discharge its obligations hereunder and thereunder.

(b) Each of the Indenture, this Loan Agreement and the Regulatory Agreement (the "Issuer Documents") has been duly validly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and general equitable principles.

(c) To the best knowledge of the Issuer, the Issuer has complied with the provisions of the Act and the laws of the State which are prerequisites to the consummation of the transactions on the part of the Issuer described or contemplated in the Issuer Documents. To the best knowledge of the Issuer, the execution and delivery of the Bonds and the Issuer Documents, the consummation of the transactions on the part of the Issuer contemplated thereby and the fulfillment of or compliance with the terms and conditions thereof by the Issuer do not conflict with or result in the breach of any of the terms, conditions or provisions of any agreement or instrument or judgment, order or decree to which the Issuer is now a party or by which it is bound, nor do they constitute a default under any of the foregoing.

(d) To the best knowledge of the Issuer, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by the Issuer of, and performance by the Issuer of its obligations under the Issuer Documents, which has not been obtained as of the Closing Date.

(e) To the best knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation pending or threatened with respect to which the Issuer has been served with process or ~~threatened~~ its general counsel has received written notice, against the Issuer by or before any court, governmental agency or public board or body, nor, to the Issuer's knowledge, any basis therefor, which (i) affects or questions the existence or the territorial jurisdiction of the Issuer or the title to office of any Commissioner of the Issuer; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any Issuer Documents or the issuance, execution or delivery of the Bonds, as applicable; (iii) affects or questions the validity or enforceability of the Bonds; or (iv) questions the power

the Bondholder any Securities and Exchange Commission or other filings with Governmental Authorities related to the Project, if any, of the Borrower within two Business Days of any such filing.

Section 4.07. Cooperate in Legal Proceedings. The Borrower shall cooperate fully with the Trustee and the Bondholder with respect to, and permit the Trustee and the Bondholder, at their option, to participate in, any proceedings before any Governmental Authority that may in any way affect the rights of Bondholder under any Bond Document.

Section 4.08. Further Assurances. The Borrower shall, at the Borrower's sole cost and expense, (a) furnish to the Bondholder all instruments, documents, boundary surveys, footing or foundation surveys, certificates, plans and specifications, appraisals, title and other insurance reports and agreements, reasonably requested by the Bondholder; (b) execute and deliver to the Bondholder, such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to evidence, preserve and/or protect the collateral at any time securing or intended to secure the Bonds, as the Bondholder may reasonably request from time to time; (c) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of the Bond Documents and the Loan Documents, as the Bondholder shall reasonably request from time to time; and (d) upon the request therefor by the Bondholder, given from time to time after the occurrence of any Default or Loan Agreement Default for so long as such Default or Loan Agreement Default, as applicable, is continuing, pay for (i) reports of UCC, federal tax lien, state tax lien, judgment and pending litigation searches with respect to the Borrower and (ii) searches of title to the Project, each such search to be conducted by search firms reasonably designated by the Bondholder in each of the locations reasonably designated by the Bondholder.

Section 4.09. Delivery of Financial Information. The Borrower shall furnish or cause to be furnished the financial statements and other information in accordance with the terms of the Construction and Convertible Term Bond Financing Agreement.

Section 4.10. Environmental Matters. So long as the Borrower owns or is in possession of the Project, the Borrower shall (a) keep the Project in compliance with all Environmental Laws, (b) promptly notify the Trustee, the Issuer and the Bondholder if the Borrower shall become aware that any Hazardous Substances are on or near the Project in violation of Environmental Laws, and (c) commence and thereafter diligently prosecute to completion all remedial work necessary with respect to the Project required to be performed by the Borrower under any Environmental Laws, in each case as set forth in the Loan Documents and the Mortgage.

Section 4.11. Title to the Project. The Borrower will warrant and defend the title to the Project, subject only to Permitted Liens, against the claims of all Persons.

Section 4.12. Estoppel Statement. The Borrower shall furnish to the Bondholder for the benefit of the Issuer, the Trustee and the Bondholder within ten days after request by the Bondholder, with a statement, duly acknowledged and certified, setting forth (a) the unpaid principal of each of the Notes, (b) the interest rate applicable to each of the Notes, (c) the date installments of interest and/or principal on any Note was last paid, (d) any offsets or defenses to the payment of the Borrower Payment Obligations, and (e) that the Loan Documents are valid, legal and binding obligations of the Borrower and have not been modified or, if modified, giving particulars of such modification, and whether any Loan Agreement Default exists thereunder.

Section 4.13. Expenses. The Borrower shall pay all reasonable expenses incurred by the Issuer, the Trustee and the Bondholder in connection with the Bonds, including reasonable fees

all other amounts due under the Loan Documents, or to declare an Event of Default for failure to effect prompt payment of any such other amount.

Section 9.07. Waiver of Jury Trial. If and to the extent permitted by applicable law, the Borrower hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to the Loan Documents, or any claim, counterclaim or other action arising in connection therewith. This waiver of right to trial by jury is given knowingly and voluntarily by the Borrower, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue. The Trustee and the Bondholder is each hereby authorized to file a copy of this paragraph in any proceeding as conclusive evidence of this waiver by the Borrower. This Section in no way affects the right of the Issuer to elect a trial by jury.

Section 9.08. Headings. The Section headings in this Loan Agreement are included herein for convenience of reference only and shall not constitute a part of this Loan Agreement for any other purpose.

Section 9.09. Severability. Wherever possible, each provision of this Loan Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Loan Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Loan Agreement.

Section 9.10. Preferences. The Trustee shall have the continuing and exclusive right to apply or reverse and reapply in accordance with the Bond Documents any and all payments by the Borrower to any portion of the Borrower Payment Obligations. To the extent the Borrower makes a payment to the Trustee or the Trustee receives proceeds of any Collateral, which is in whole or part subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Borrower Payment Obligations or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by the Trustee.

Section 9.11. Waiver of Notice. The Borrower shall not be entitled to any notices of any nature whatsoever from the Issuer, the Bondholder or the Trustee except with respect to matters for which this Loan Agreement or any other Loan Document specifically and expressly provides for the giving of notice by the Issuer, the Bondholder or the Trustee, as the case may be, to the Borrower and except with respect to matters for which the Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. The Borrower hereby expressly waives the right to receive any notice from the Issuer, the Bondholder or the Trustee as the case may be with respect to any matter for which no Loan Document specifically and expressly provides for the giving of notice by the Issuer, the Bondholder or the Trustee to the Borrower and except with respect to matters for which the Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice.

Section 9.12. Prior Agreements. This Loan Agreement and the other Loan Documents contain the entire agreement of the parties hereto and thereto in respect of the Loan and the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written, are superseded by the terms of this Loan Agreement and the other Loan Documents.

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

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____

Its: _____

19048.44:J16935

[\[signature page to Loan Agreement – ULRIC Street Apartments\]](#)

|

BORROWER:

ULRIC STREET HOUSING ASSOCIATES, L.P.,
a California limited partnership

By: Ulric Street Housing Opportunities LLC,
a California limited liability company,
its general partner

By: Community HousingWorks,
a California nonprofit public benefit
corporation,
its sole member / manager

By: _____
Mary Jane Jagodzinski,
Senior Vice President

**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:**

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726
Attention: Paul J. Thimmig, Esq.

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

by and between the

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

and

**ULRIC STREET HOUSING ASSOCIATES, L.P.,
a California limited partnership**

Dated as of October 1, 2020

Relating to:

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-1 (Construction/Permanent),**

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-2 (Construction),**

and

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-3 (Taxable)**

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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"), dated as of October 1, 2020, 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 (together with any successor to its rights, duties and obligations, the "Issuer"), and Ulric Street Housing Associates, L.P., a 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 "Borrower").

R E C I T A L S :

WHEREAS, the Legislature of the State of California enacted Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the "Act") to authorize housing authorities to, among other actions, issue revenue bonds to finance the acquisition and construction of multifamily rental housing for families and individuals of low income; and

WHEREAS, the Issuer is a public body (within the meaning of that term in the Regulations of the Department of Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code")); and

WHEREAS, on June 25, 2019, the Board of Commissioners of the Issuer adopted Resolution No. HA-1822 (the "Inducement Resolution") authorizing the issuance of revenue bonds under the Act in connection with the financing of a portion of the costs of the acquisition and construction of a multifamily residential rental housing project located at 2645-2685 Ulric Street in the City of San Diego, California on the site described in Exhibit A hereto and known as ULRIC Street Apartments (the "Project") which housing project shall be subject to the terms and provisions hereof; and

WHEREAS, in furtherance of the purposes of the Act and the Inducement Resolution and as a part of the Issuer's plan of financing residential housing, the Issuer has issued its revenue bonds designated "Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-1 (Construction/Permanent)" in the principal amount of \$_____ (the "Series G-1 Bonds"), its revenue bonds designated "Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-2 (Construction) in the principal amount of \$_____, and its revenue bonds designated "Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-3 (Taxable)" in the principal amount of \$_____ (the "Series G-3 Bonds," and together with the Series G-1 Bonds and the Series G-2 Bonds, the "Bonds"), pursuant to the terms of a Trust Indenture, dated as of October 1, 2020 (the "Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), the proceeds of which Bonds were loaned by the Issuer to the Borrower (the "Loans") pursuant to the terms of a Loan Agreement, dated as of October 1, 2020 (the "Loan Agreement"), between the Issuer and the Borrower; and

WHEREAS, the Issuer hereby certifies that all things necessary to make the Bonds, when issued as provided in the Indenture, the valid, binding and limited obligations of the Issuer

according to the import thereof, and to constitute the Indenture a valid assignment of the amounts pledged to the payment of the principal of, and premium, if any, and interest on the Bonds, have been done and performed, and the creation, execution and delivery of the Indenture and the execution and issuance of the Bonds, subject to the terms thereof, in all respects have been duly authorized; and

WHEREAS, the Code and the regulations and rulings promulgated with respect thereto, and the Act, prescribe that the use and operation of the Project be restricted in certain respects and in order to ensure that the Project will be constructed, used and operated in accordance with the Code and the Act, the Issuer and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the construction and operation of the Project.

A G R E E M E N T :

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 and the Borrower 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 recitals hereto, in this Section 1, or in Section 1.01 of the Indenture.

“Administrator” means the San Diego Housing Commission, or its designee, or any successor Administrator appointed by the Issuer to administer this Regulatory Agreement.

“Affiliated Party” means (a) a person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (b) a person who together with the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein), (c) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, and (d) an S corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

“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(a).

“CDLAC Resolution” means CDLAC Resolution No. 20-069 attached hereto as Exhibit E, adopted on April 14, 2020 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 Borrower with the Issuer 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 Borrower, or as otherwise approved by the Issuer.

“City” means the San Diego, California.

“Closing Date” means the date of the initial funding by the Bondowner of the purchase price of the Bonds under the Indenture.

“Completion Certificate” means the certificate of completion of the acquisition and construction of the Project required to be delivered to the Issuer by the Borrower pursuant to Section 2(i) of this Regulatory Agreement, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit D.

“Completion Date” means the date of completion of the acquisition and construction of the Project, as that date shall be certified as provided in Section 2(i) of this Regulatory Agreement.

“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.

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

“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.

“Housing Act” means the United States Housing Act of 1937, as amended, or its successor.

“Income Certification” means an Income Certification in the form attached as Exhibit B hereto or in such other comparable form as may be provided by the Issuer or the Administrator to the Borrower, or as otherwise approved by the Issuer.

“Indenture” means the Indenture, as such capitalized term is defined in the Recitals to this Regulatory Agreement.

“Inducement Date” means June 25, 2019, being the date on which the Board of Commissioners of the Issuer adopted Resolution No. HA-1822, first expressing its intent to issue the Bonds to provide financing for the Project.

“Loan Agreement” means the Loan Agreement, as such capitalized term is defined in the Recitals to this Regulatory Agreement.

“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 Borrower 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 28 hereof. ConAm Management Corporation is the initial Manager.

“Project” means the 96-unit multifamily rental housing development (including one manager’s unit) located in the City on the real property site described in Exhibit A hereto, consisting of those facilities, including a fee interest in the real property, structures, buildings, fixtures or equipment situated thereon, as it may at any time exist, the acquisition and construction of which facilities is to be financed, in whole or in part, from the proceeds of the Bonds or the proceeds of any payment by the Borrower 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.

“Project Costs” means, to the extent authorized by the Act, any and all costs and expenses incurred by the Borrower with respect to the acquisition, financing, construction and/or operation of the Project, whether paid or incurred prior to or after the Closing Date, including, without limitation, costs for the acquisition of property, the cost of consultant, accounting and legal services, appraisal costs, other expenses necessary or incident to the acquisition and construction of the Project, and administrative expenses, and interest on the Loans.

“Qualified Project Costs” means Project Costs that meet each of the following requirements: (i) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with United States Treasury Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during the construction of the Project shall be eligible to be a Qualified Project Cost as is so capitalizable and as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the construction of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed by an Affiliated Party (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliated Party in constructing the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliated Party, and (C) any overhead expenses incurred by the Affiliated Party which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the construction of the Project or payments received by such Affiliated Party due to early completion of the Project; (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the Inducement Date or the Closing Date, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Bonds or the Loans, such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of United States Treasury Regulations §1.139-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of the construction of the Project that do not exceed twenty percent (20%) of the

issue price of the portion of the Bonds (as defined in United States Treasury Regulations §1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid).

“Qualified Project Period” means the period beginning on the first day on which at least ten percent (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; provided, however, that if at least 10% of the residential units in the Project are Available Units at all times within 60 days after the later of (1) the date the Project is acquired by the Borrower, or (2) the issue date of the Bonds, then the Qualified Project Period shall begin on the date one year after the issue date of the Bonds and end on the later of (A) the date that is fifteen (15) years after such date or (B) the later of the dates specified in the foregoing clauses (a), (b) and (c) above.

“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 Borrower as a condition of occupancy of the unit.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the 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 other than in connection with the leasing of individual residential rental units in the ordinary course of business; and shall also include, without limitation to the foregoing, the following: (a) an installment sales agreement wherein Borrower agrees to sell the Project or any part thereof for a price to be paid in installments; and (b) an agreement by the Borrower leasing all or a substantial part of the Project to one or more persons or entities pursuant to a single or related transactions.

“Very Low Income Units” means Available Units designated for occupancy by very low income households pursuant to Section 6(c), and by persons or families whose income is at or below 50% of “Area Median Income” as such term is used and as otherwise required by Section 15 b. of Exhibit A to the CDLAC Resolution.

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 Borrower.

(a) The statements made in the various certificates delivered by the Borrower to the Issuer or the Trustee on the Closing Date are true and correct.

(b) The Borrower (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds of the Loans to be applied in a manner contrary to the requirements of the Loan Agreement and this Regulatory Agreement.

(c) The Borrower will not take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds, or the exemption from California personal income taxation of the interest on the Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(d) The Borrower will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, to comply fully with the Act, the Code and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

(e) The acquisition by the Borrower of a fee interest in the site on which the Project is located and the commencement of the construction of the Project occurred after the date which was 60 days prior to the Inducement Date. The Borrower has incurred a substantial binding obligation to expend proceeds of the Loans pursuant to which the Borrower is obligated to expend at least five percent (5%) of the maximum principal amount of the Loans.

(f) The Borrower will proceed with due diligence to complete the construction of the Project and the full expenditure of the proceeds of the Loans. The Borrower reasonably expects to complete the acquisition and construction of the Project and to expend the full \$_____ principal amount of the Loans by _____.

(g) The Borrower's reasonable expectations respecting the total expenditure of the proceeds of the Loans have been accurately set forth in certificates of the Borrower delivered to the Issuer on the Closing Date. At all times, the aggregate disbursements of the proceeds of the Tax-Exempt Construction Loan and the Convertible Term Loan will have been applied to pay or to reimburse the Borrower for the payment of Qualified Project Costs in an amount equal to ninety-seven percent (97%) or more of such disbursements, and less than twenty-five percent

(25%) of such disbursements shall have been used to pay for the acquisition of land or an interest therein.

(h) Notwithstanding the provisions of Section 4.17(c) of the Loan Agreement, and in addition thereto, the Borrower agrees to obtain a written report from an independent firm with experience in calculating excess investment earnings for purposes of Section 148(f) of the Code, not less than once on or about each five year anniversary of the Closing Date and within thirty (30) days of the date each series of the Tax-Exempt Bonds have been paid in full, determining that either (i) no excess investment earnings subject to rebate to the federal government under Section 148(f) of the Code have arisen with respect to either series of the Tax-Exempt Bonds in the prior five-year period (or, with respect to the final such report following the repayment of a series of the Tax-Exempt Bonds, have arisen since the last five-year report); or (ii) excess investment earnings have so arisen with respect to one or both series of the Tax-Exempt Bonds during the prior five-year period (or, with respect to the final such report following the repayment of a series of the Tax-Exempt Bonds, have arisen since the last five-year report), and specifying the amount thereof that needs to be rebated to the federal government and the date by which such amount needs to be so rebated. The Borrower shall provide a copy of each report prepared in accordance with the preceding sentence to the Issuer and the Trustee, each time within one week of its receipt of the same from the independent firm that prepared the respective report. The Borrower agrees to remit to the Trustee any amount described in the preceding clause for deposit to the Rebate Fund established under Section 6.08 of the Indenture.

(i) As soon as practicable after the Completion Date, the Borrower shall deliver to the Issuer and the Trustee a duly executed Completion Certificate.

(j) The Borrower acknowledges that the Issuer has appointed the Administrator to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. The Borrower shall comply with any reasonable request by the Issuer or the Administrator 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.

(k) [intentionally omitted]

(l) Money on deposit in any fund or account in connection with the Bonds or the Loans, whether or not such money was derived from other sources, shall not be used by or under the direction of the Borrower, in a manner which would cause either series of the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and the Borrower specifically agrees that the investment of money in any such fund shall be restricted as may be necessary to prevent either series of the Tax-Exempt Bonds from being "arbitrage bonds" under the Code.

(m) All of the proceeds of the Bonds and the Loans and earnings from the investment of such proceeds will be used to pay Project Costs; and no more than two percent (2%) of the proceeds of either series of the Tax-Exempt Bonds will be used to pay issuance costs of the Bonds, within the meaning of Section 147(g) of the Code.

(n) No portion of the proceeds of the Tax-Exempt Construction Loan or the Convertible Term Loan shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No portion of the proceeds of the Tax-Exempt Construction Loan or the Convertible Term Loan shall be used for an office unless the office is

located on the premises of the facilities constituting the Project and unless not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

(o) In accordance with Section 147(b) of the Code, the average maturity of each series of the Tax-Exempt Bonds does not exceed 120% of the average reasonably expected remaining economic life of the facilities being financed by the Tax-Exempt Construction Loan and the Convertible Term Loan.

(p) The Borrower shall comply with all applicable requirements of Section 65863.10 of the California Government Code pertaining to the Project, including the requirements for providing notices in Sections (b), (c), (d) and (e) thereof, and with all applicable requirements of Section 65863.11 of the California Government Code pertaining to the Project.

(q) The Borrower shall pay all of the Costs of Issuance.

(r) The Borrower hereby incorporates herein, as if set forth in full herein, each of the representations, covenants and warranties of the Borrower contained in the Tax Certificate and the Loan Agreement relating to the Project.

(s) The Borrower hereby represents and warrants that the Project is located entirely within the City.

(t) The Borrower agrees to comply with the provisions of Section 4.17 of the Loan Agreement, as in effect on the Closing Date.

(u) The Borrower 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 related to the Loans 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 Borrower in acquiring and constructing the Project.

Section 3. Qualified Residential Rental Project. The Borrower 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 Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project will be operated for the purpose of providing multifamily residential rental property. The Borrower 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 Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project (except for not more than one unit set aside for resident managers 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 Borrower take any steps in connection with a conversion to such ownership or use, and the Borrower will not take any steps in connection with a conversion of the Project to condominium ownership during the Compliance Period (except that the Borrower 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 will be available for rental during the period beginning on the first day of the Qualified Project Period 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 Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except (i) not more than one unit may be set aside for resident managers or other administrative use, or (ii) to the extent that dwelling units are required to be leased or rented in such a manner that they constitute Low Income Units or otherwise as necessary to comply with Section 6(a), (b) and (c), (iii) to the extent required under any "extended low-income housing commitment" (an "Extended Use Agreement") applicable to the Project, (iv) to the extent required by the provisions of any documents related to the provision of State or federal low income housing tax credits for the Project, or (v) as may be required in connection with any of the "Loans" set forth in Part I of Exhibit F of the Construction and Convertible Term Bond Financing Agreement.

(f) The Project site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the 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) The Borrower shall not discriminate on the basis of race, creed, color, sex, source of income (e.g. TANF, SSI), physical disability, age, national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(h) No dwelling unit in the Project shall be occupied by the Borrower. Notwithstanding the foregoing, if the Project contains five or more dwelling units, this paragraph shall not be construed to prohibit occupancy of dwelling units by one or more resident managers or maintenance personnel any of whom may be the Borrower; provided that the number of such managers or maintenance personnel is not unreasonable given industry standards in the area for the number of dwelling units in the Project.

(i) The Borrower will not sell dwelling units within the Project.

(j) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer from enforcing the requirements of the Code and the Regulations as applicable to the Project, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the applicable Regulations, it will either prepay the Loans or, if permitted under the provisions of the Loan Agreement, apply any proceeds received as a result of any of the preceding events to construct the Project to meet the requirements of Section 142(d) of the Code and the applicable Regulations.

(k) During the Qualified Project Period, the Borrower 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).

The Issuer hereby elects to have the Project meet the requirements of Section 142(d)(1)(B) of the Code.

Section 4. Low Income Tenants; Reporting Requirements. Pursuant to the requirements of the Code, the Borrower hereby represents, warrants and covenants as follows:

(a) During the Compliance Period, no less than forty percent (40%) of the total number of completed units in the Project shall at all times be Low Income Units. For the purposes of this paragraph (a), a vacant unit that was most recently a Low Income Unit is treated as a Low Income Unit 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 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 increases to exceed the qualifying limit for a Low Income Unit. However, should the aggregate Gross Income of tenants in a 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 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). 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 for purposes of the 40% 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.

(c) For the Compliance Period, the Borrower will obtain, complete and maintain on file Income Certifications for each Low Income Tenant, including (i) an Income Certification dated immediately prior to the initial occupancy of such Low Income Tenant in the unit and a second Income Certification dated one year after the Low-Income Tenant's initial move-in date, and (ii) thereafter, an annual Income Certification with respect to each Low Income Tenant. In lieu of obtaining the annual Income Certifications required by clause (ii) of the preceding sentence, the Borrower may, with respect to any particular twelve-month period ending each February 1, deliver to the Administrator no later than fifteen days after such date a certification that as of each February 1, no

residential unit in the Project was occupied within the preceding twelve months by a new resident whose income exceeded the limit applicable to Low Income Tenants upon admission to the Project. The Administrator may at any time and in its sole and absolute discretion notify the Borrower in writing that it will no longer accept certifications of the Borrower made pursuant to the preceding sentence and that the Borrower will thereafter be required to obtain annual Income Certifications for tenants. The Borrower will also 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 commencing or continuing occupation of a Low Income Unit shall be submitted to the Administrator or the Issuer, as requested.

(d) The Borrower 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 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 Administrator.

(e) The Borrower will maintain complete and accurate records pertaining to the Low Income Units, and will permit any duly authorized representative of the Administrator, the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units during normal business hours.

(f) The Borrower will prepare and submit to the Administrator, on behalf of the Issuer, not less than semi-annually, commencing not less than six months after the Closing Date, a Certificate of Continuing Program Compliance executed by the Borrower in substantially the form attached hereto as Exhibit C. During the Compliance Period, the Borrower 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. All leases pertaining to Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Low Income Unit: (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 Borrower, 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 Borrower has relied

on the statements made by such tenant in the Income Certification and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of a Low Income Unit, 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 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 the Tax-Exempt Bonds. The Borrower and the Issuer, as applicable, each hereby represents, warrants and agrees as follows:

(a) The Borrower 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 either series of the Tax-Exempt 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 Borrower 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 (with a copy to the Borrower), in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County.

Section 6. Requirements of the Act. In addition to the other requirements set forth herein, the Borrower hereby agrees that it shall comply with each of the requirements of the Act, including the following:

(a) Not less than 20% of the total number of units in the Project shall be available for occupancy on a priority basis by persons of low income as required by subsection (c)(1)(A) of Section 34312.3 of the Act. If a unit in the Project is rented to a person of low income or a very low income household as necessary to satisfy this Section 6(a), it may be counted towards the requirements of Section 4(a) if it otherwise satisfies the requirements of Section 4(a).

(b) The rental payments made by the persons of low income occupying units pursuant to Section 6(a) shall not exceed 30% of an amount equal to 60% of the Area median gross income, adjusted for family size as determined pursuant to Section 8 of the Housing Act, less a reasonable deduction (as determined by the Administrator) for utilities so long as utilities (gas, electric, water and sewer, trash removal) are paid by the tenant.

(c) As required by Section 34312.3(c)(2)(A) of the Act, not less than one-half of twenty percent (20%) of the units in the Project shall be occupied by, or made available to, very low income households as defined in Section 50105 of the California Health and Safety Code. The rental payments made by the very low income households occupying units pursuant to this Section 6(c) shall not exceed 30% of an amount equal to 50% of the

area median gross Income, adjusted for family size as determined pursuant to Section 8 of the Housing Act, less a reasonable deduction (as determined by the Administrator) for utilities so long as utilities (gas, electric, water and sewer, trash removal) are paid by the tenant. For units reserved for very low income households as required by this Section 6(c), the base rents shall be adjusted for household size, and in making such adjustments it shall be assumed that one person will occupy a studio unit, two persons will occupy a one-bedroom unit, three persons will occupy a two-bedroom unit, four persons will occupy a three-bedroom unit, and five persons will occupy a four-bedroom unit.

(d) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, persons of low income and very low income households who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act. The Borrower 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.

(e) No tenant residing in a unit reserved for persons of low income or very low income households under Sections 6(a) and (c) shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Gross Income increases to exceed the qualifying limit for persons of low income or very low income households, as applicable. However, should the Gross Income of a tenant residing in a unit reserved for persons of low income or very low income households under Section 6(a) or (c), as applicable, increase to exceed the applicable qualifying limit, the next available unit in the Project must be rented to (or held vacant and available for immediate occupancy by) persons of low income or very low income households, as applicable. Until such next available unit is rented to a qualified tenant, the former persons of low income or very low income household that has ceased to qualify as such shall be deemed to continue to be persons of low income or very low income households, as applicable, for purposes of the requirement of Section 6(a) or (c), as applicable, hereof until the rental of an available unit of comparable or smaller size to a tenant who is not a person of low income or very low income household, as applicable.

(f) The units to be rented to persons of low income and very low income households under this Section 6 shall remain occupied by, or shall be made available on a priority basis for occupancy by, persons of low income or very low income households, respectively, until the Bonds have been paid in full.

(g) Following the expiration or termination of the Compliance Period, except in the event of foreclosure and repayment in full of the Bonds, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units required by Sections 6(a) and (c) to be reserved for occupancy by persons of low income or very low income households shall remain available to any eligible persons of low income or very low income households occupying such units at the date of expiration or termination, at a rent not greater than the amount required by Section 6(b) or (c), as applicable, prior to the date of termination or expiration, until the earliest of any of the following occur:

(i) The household's income exceeds 140 percent of the maximum eligible income required by Section 6(a) or (c), as applicable, for such units, as applicable.

(ii) The household voluntarily moves or is evicted for "good cause." For these purposes, "good cause" means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the lease agreement which detrimentally affect the health and safety of other

persons or the structure, the fiscal integrity of the Project in which the unit is located, or the purposes or special programs of the Project in which the unit is located.

(iii) Thirty (30) years after the commencement of the Compliance Period.

(iv) The Borrower pays the relocation assistance and benefits to such persons of low income or very low income households, as applicable, as provided in Section 7264(b) of the Government Code of the State of California.

(h) This Section shall not be construed to require the Issuer to monitor the Borrower's compliance with the provisions of Section 6(g), or that the Issuer shall have any liability whatsoever in the event of the failure by the Borrower to comply with any of the provisions of this Regulatory Agreement.

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 Borrower hereby agrees to comply with each of the requirements of the Issuer set forth in this Section 7, as follows:

(a) Notwithstanding any prepayment of the Loans and notwithstanding a discharge of the Loan Agreement, the Borrower shall pay to the Issuer:

(i) An administrative fee on the Closing Date, is an amount equal to 25 basis points (0.25%) of the maximum authorized principal amount of the Bonds (being \$_____);

(ii) An annual ongoing administrative fee in an amount equal to (A) prior to the maturity or earlier payment in full of the Bonds, 0.125% of the maximum authorized principal amount of the Bonds as of the Closing Date (being \$_____); and (B) from and after the maturity or earlier payment in full of the Bonds, \$10,000.00; which annual fee shall be payable annually, in advance, commencing on the Closing Date and thereafter on each anniversary of the Closing Date and continuing throughout the Compliance Period;

(iii) within 30 days after receipt of a written request for payment thereof, all reasonable out-of-pocket expenses of the Issuer (not including salaries and wages of the Issuer employees) related to the Bonds, the Loans, 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, the Bonds or the Loans; and

(iv) An annual occupancy monitoring fee, separately from, and in addition to, the annual ongoing administrative fee referred to in Section 7(a)(ii) above, to the San Diego Housing Commission (the "Commission"), for the greater of: (A) 39 units [40% of the 96 units] at an initial amount of \$150/unit = \$5,850, or (B) the total number of units monitored by the Commission. The annual occupancy monitoring fee is subject to annual adjustment. The Borrower agrees to pay the Commission, an initial occupancy monitoring fee in the amount set forth in schedules promulgated by Commission from time to time.

The annual fee referred to in Section 7(a)(ii) above will be charged each year during the Compliance Period to recover administrative and monitoring costs of the

Commission. The ongoing annual fee referred to in Section 7(a)(ii) above will be due and payable without the requirement for any invoice to be delivered to the Borrower, on the first day of the month in which the anniversary of the Closing Date occurs based on the facts in existence as of such first day of such month. The annual ongoing administrative fee will remain fixed following the payment in full of the Loans and the Bonds based on using the principal amount of the Bonds outstanding at their maturity or earlier redemption.

Failure to timely pay any of the fees referred to in this Section 7(a) shall constitute a material default under this Regulatory Agreement.

The fees of the Issuer referenced in this Section 7(a) shall in no way limit amounts payable by the Borrower under Section 9 hereof, or otherwise arising in connection with the Issuer's or Trustee's enforcement of the provisions of this Regulatory Agreement, but the Issuer does agree to compensate any third party Administrator appointed by it from its annual administrative fees for the ordinary duties of the Administrator hereunder. In addition to the foregoing, the Borrower shall pay to the Issuer, promptly following a written demand from the Issuer to the Borrower therefore, any out-of-pocket expenses of the Issuer incurred in connection with the administration of any of the documents related to the Loans.

Notwithstanding the foregoing provisions of this Section 7(a), in no event shall the fees payable to the Issuer under this Section 7(a) exceed any applicable limitation imposed by the Code in respect of bonds issued under Section 148 of the Code.

(b) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower and shall be maintained as required by the Administrator or the Issuer, in a reasonable condition for proper audit and subject to examination, upon reasonable written notice, during business hours by representatives of the Administrator, the Issuer and the Trustee.

(c) The Borrower shall submit to the Administrator, (i) not later than the forty-fifth (45th) day after the close of each calendar year, a statistical report to the Administrator in the form set forth as Exhibit F to this Regulatory Agreement, or such other form as may be prescribed by the Administrator or the Issuer, setting forth the information called for therein, and (ii) within fifteen (15) Business Days after receipt of a written request, any other information or completed forms requested by the Issuer in order to comply with reporting requirements of the Internal Revenue Service or the State.

(d) The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Borrower.

(e) Each of the requirements of Sections 3, 4, 6 and 29 hereof is hereby incorporated as a specific requirement of the Issuer, whether or not required by State or federal law, and shall be in force for the Compliance Period.

(f) The Borrower acknowledges that the Issuer may act as Administrator itself or may appoint an Administrator other than the initial Administrator to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. In such event, the Borrower shall comply with any request by the Issuer to deliver to any such Administrator, in addition to or instead of the Issuer, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for

inspection by the Administrator as an agent of the Issuer. The fees and charges of the Administrator, if any, shall be the responsibility of the Issuer.

(g) The Low Income Units and the Very Low Income Units (i) shall have characteristics comparable to all other units in the Project with the same number of bedrooms, including with respect to floor area and amenities, (ii) shall be distributed throughout the Project, and (iii) shall have the same access to Project facilities as all other units in the Project.

(h) In accordance with the Issuer's Bond Issuance and Post-Issuance Compliance Policy for its Multifamily Mortgage Revenue Bond Program, notwithstanding the termination of the Compliance Period, the rent of "in-place" Very Low Income Tenants at the conclusion of the Compliance Period will continue to be governed by the applicable affordability restrictions in Sections 4 and 6, so long as those tenants continue to live in the Project.

(i) The Borrower will comply with the following post issuance compliance procedures of the Issuer:

(i) At the completion of the construction of the Project, the Borrower shall provide to the Administrator a certification from the Borrower's architect (or other appropriate representative acceptable to the Issuer, such as a HERS Rater, GreenPoint Rater, energy consultant, etc.) for the Project to the effect that the Project includes all design elements that formed the basis for CDLAC adopting the CDLAC Resolution (including but not limited to sustainable building methods and/or energy efficiency elements).

(ii) On or as soon as practicable after the Completion Date, the Borrower shall provide the Administrator with final actual sources and uses of funds for the acquisition and construction of the Project, and shall confirm to the staff of the Administrator that such sources and uses of funds complies with all applicable State and federal legal requirements, including those set forth in the Tax Certificate.

(iii) Annually, on or before January 1 of each year until the expiration of the Compliance Period, the Borrower shall provide a written certificate of compliance to the Administrator to confirm that the Project meets the terms and conditions stated in the CDLAC Resolution. The Administrator may request that the Borrower provide evidence of compliance by the Project with the terms and conditions of the CDLAC Resolution, including supporting documentation as necessary in the sole reasonable discretion of the Administrator, and the Borrower shall timely and completely comply with any such request.

(iv) Subject to the provisions of the next paragraph, the Administrator shall have the right to approve any voluntary change in ownership (A) that results in a transfer of 50% or more of the total equity interests in the Borrower, or (B) that results in a transfer of any general partner or managing member interest in the Borrower. Such approval to transfer ownership shall be at the discretion of the Administrator, and shall be in addition to any applicable requirements set forth in this Regulatory Agreement or the Loan Agreement. The Administrator may review management practices of the proposed transferee's current and previously owned properties, if any. Any proposed transferee (including individuals with an ownership interest) whose currently-owned properties have been found by the

Administrator to have deficiencies that have not been resolved within the time frame prescribed by the City, the Issuer, the Administrator or other local government authority, may not assume ownership of the Project. The Administrator may initiate additional inspections, at the proposed transferee's request, to verify findings. The Borrower agrees that it will provide the Administrator with notice of any such transfer within thirty (30) days thereof.

Notwithstanding the foregoing, any of the following shall not require the prior consent of the Issuer or the Administrator: (A) transfers of or in the limited partner interests of the Borrower, (B) the removal and replacement of the general partner of the Borrower in accordance with the terms of the Borrower's partnership agreement, (C) foreclosure (or acceptance of a deed in lieu of foreclosure), or the first transfer of the Project following acceptance of a deed in lieu of such foreclosure, and (D) any transfer referred to in the third paragraph of Section 12 of this Regulatory Agreement.

(v) The Borrower shall provide the Administrator's staff with all documentation necessary, in the sole discretion of the Administrator's staff, to confirm the Borrower's and the Project's compliance with federal tax laws as set forth in the Tax Certificate, the Loan Agreement and this Regulatory Agreement, including the requirements of Section 4.17 of the Loan Agreement, and Section 2(h) of this Regulatory Agreement regarding rebate compliance.

Any of the foregoing requirements of the Issuer may be expressly waived by the Issuer in writing, but (i) no waiver by the Issuer of any requirement of this Section 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 may be waived without adversely affecting the exclusion from gross income of interest on the Bonds for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the Issuer and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on either series of the Bonds to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other State or federal law.

Section 8. Modification of Covenants. The Borrower and the Issuer hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Issuer and the Borrower, 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 Tax-Exempt 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 Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the Issuer and the Borrower, 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 Borrower, and only upon receipt by the Issuer of the written opinion of Bond Counsel to the effect that such

amendment will not affect the Tax-Exempt status of interest on the Tax-Exempt Bonds or violate the requirements of the Act, and otherwise in accordance with Section 22 hereof.

(c) The Borrower and the Issuer shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary to effectuate the intent of this Section 8, and each of the Borrower and the Issuer hereby appoint the Trustee as their true and lawful attorney-in-fact to execute and deliver on behalf of the Borrower 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 Borrower 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 Borrower, the Trustee shall take no action under this subsection without first notifying the Borrower or the Issuer, or both of them, as is applicable, in writing and without first providing the Borrower or the Issuer, or both, as is applicable, an opportunity to comply with the requirements of this Section 8. Nothing in this subsection (c) shall be construed (i) to allow the Trustee to execute an amendment to this Regulatory Agreement on behalf of the Issuer or the Borrower and (ii) to place a duty or obligation on the Trustee to monitor the Issuer's or Borrower's compliance herewith.

Notwithstanding any other provision of this Regulatory Agreement, whenever an opinion of counsel is required or requested to be delivered hereunder after the Closing Date, the Trustee, the Issuer and the Borrower shall accept (unless otherwise directed in writing by the Issuer) an opinion of counsel in such form and with such disclaimers as may be required so that such opinion will not be treated as a "covered opinion" for purposes of the Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230), 31 CFR Part 10.

Section 9. Indemnification; Other Payments. To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Issuer and each of its officers, Commissioners, 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, 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 any of the other documents related to the Loans, or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale, resale or remarketing of the Bonds;

(ii) 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 acquisition, construction or 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 and construction of the Project or any part thereof;

(iii) any lien or charge upon payments by the Borrower 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 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 information provided by or on behalf of the Borrower and included in an offering statement or disclosure document for either series of the Bonds or any of the documents relating to any series of the Bonds, or any omission or alleged omission from any offering statement or disclosure document for any series of the Bonds of any material fact related to the Borrower or the Project 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 either series of the Tax-Exempt Bonds, or allegations (or regulatory inquiry) that interest on any of the Tax-Exempt 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 Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and 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 Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if 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 thereto, the Borrower will pay upon demand all of the fees and expenses paid or incurred by the Issuer in enforcing the provisions hereof.

The provisions of this Section 9 shall survive the final payment or defeasance of the Bonds and the termination of this Regulatory Agreement; provided, however, the provisions of this Section 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.

Nothing contained in this Section 9 shall cause the obligation of the Borrower to pay principal and interest on the Loans to be a recourse obligation of the Borrower.

The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Issuer or otherwise, and the obligation of the Borrower to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower. The Issuer shall be entitled simultaneously to seek indemnity under this Section and any other provision under which it is entitled to indemnity.

Section 10. Consideration. The Issuer has agreed to issue the Bonds to provide funds to lend to the Borrower to finance the Project, all for the purpose, among others, of inducing the

Borrower to acquire, construct and operate the Project. In consideration of the issuance of the Bonds by the Issuer, the Borrower 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 Borrower 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 the 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 Tax-Exempt Bonds. In performing their duties and obligations hereunder, the Issuer and the Administrator may rely upon statements and certificates of the Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Issuer may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Issuer shall not be required to conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any written notice or certificate delivered to the Issuer by the Borrower with respect to the occurrence or absence of a default.

Section 12. Transfer of the Project. For the Compliance Period, the Borrower shall not Transfer the Project, in whole or in part, without the prior written notice to the Trustee (so long as either of the Indenture remains in effect), and without the prior written consent of the Issuer, which consent shall not be unreasonably withheld and the Executive Director of the Issuer may give such consent without further action by the Board of Commissioners of the Issuer, if the following conditions are satisfied: (A) the receipt by the Issuer of evidence acceptable to the Issuer that (1) the Borrower shall not be in default hereunder or under any of the other documents related to the Loans in effect, or the transferee undertakes to cure any defaults of the Borrower 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 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 Borrower 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 Borrower 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 a document reasonably acceptable to the Issuer with respect to the assumption of the Borrower's obligations under this Regulatory Agreement and the other documents related to the Loans in effect, including without limitation an instrument of assumption hereof and thereof, and delivery to the Issuer 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 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 Tax-Exempt Bonds; (D) receipt by the Issuer of all fees

and/or expenses then currently due and payable to the Issuer by the Borrower; 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 Borrower, and shall be ineffective to relieve the Borrower 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 Borrower and any other party which requires the Borrower 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 Borrower shall be fully released from its obligations hereunder, but only 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 without the consent of the Issuer or compliance with the provisions of this Section 12. The Issuer hereby approves (A) the transfer of limited partnership interests in the Borrower, including, without limitation, the transfer of membership interests in the Borrower from the investor limited partner and non-managing membership interests in the limited partner of Borrower, (B) the withdrawal of any partner of the Borrower under the Borrower's partnership agreement, or (C) any other transfer of interests pursuant to the provisions of the Borrower's partnership agreement as in effect from time to time, including but not limited to the removal of a general partner of the Borrower (including removal of the managing general partner of the Borrower) and replacement thereof by an affiliate of any partner of the Borrower.

For the Compliance Period, the Borrower shall not: (A) 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 (1) encumbrances permitted under the Loan Agreement, or (2) a Transfer in accordance with the terms of this Regulatory Agreement, in each case upon receipt by the Issuer of an opinion of Bond Counsel to the effect that such action will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt 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); (B) 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 (C) 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 Loan Agreement.

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 or 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 from enforcing such provisions, or condemnation or a similar event, but only if, within a reasonable period, either the Bonds are fully repaid 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 Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes.

Notwithstanding any other provision of this Regulatory Agreement, this Regulatory Agreement may be terminated upon agreement by the Issuer and the Borrower, with the consent of CDLAC, upon receipt by the Issuer 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 Tax-Exempt Bonds for federal income tax purposes and is otherwise permitted under the Act. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 14. Covenants to Run With the Land. Notwithstanding Section 1461 of the California Civil Code, the Borrower hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Issuer and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 15. Burden and Benefit. The Issuer and the Borrower hereby declare their understanding and intent that the burdens of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The Issuer and the Borrower 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 tenants of the Very Low Income Units, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds were issued.

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 Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after written notice thereof shall have been given by the Issuer or the Trustee (with a copy to the Issuer) to the Borrower, or for a period of 60 days from the date the Borrower should, with reasonable diligence,

have discovered such default, then the Issuer may 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 Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected (which cure period shall be no longer than 180 days following the delivery of notice of a default to the Borrower), 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 Tax-Exempt Bonds. The Issuer and the Trustee shall have the right to enforce the obligations of the Borrower under this Regulatory Agreement within shorter periods of time than are otherwise provided herein if necessary to insure compliance with the Act or the Code.

Following the declaration of an Event of Default hereunder, the Issuer or the Trustee, subject to the terms of the Loan Agreement, 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 Borrower 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 hereunder;
- (ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project;
- (iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder; and
- (iv) with the prior written consent of Bondholder, declare default under the Loan Agreement, and proceed with any remedies provided therein.

Any limited partner of the Borrower shall have the right but not the obligation to cure any Event of Default, and the Issuer and the Trustee agree to accept any cure tendered by any such limited partner on behalf of the Borrower within any cure period specified above.

The Borrower hereby agrees that specific enforcement of the Borrower’s agreements contained herein is the only means by which the Issuer may fully obtain the benefits of this Regulatory Agreement made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower hereunder.

The Trustee shall have the right, in accordance with this Section and the provisions of the Loan Agreement, without the consent or approval of the Issuer, but with the prior written consent of Bondholder, 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.

The Issuer and the Trustee hereby agree that cure of any Event of Default made or tendered by any partner of the Borrower 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.

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 Borrower; provided, however, that in the event that any action

arises hereunder in which the Borrower and the Trustee are adversaries, the prevailing party, if any, shall be entitled to recover legal fees and costs from the other party.

Section 18. The Trustee. The Trustee shall be entitled, but shall have no duty, to act with respect to enforcement of the Borrower's performance hereunder. The Trustee, either on its own behalf or as the agent of and on behalf of the Issuer, may, in its sole discretion, act hereunder 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, all provisions of the Indenture and the Loan Agreement relating to the rights, privileges, powers, indemnities 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. Neither the Trustee nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it hereunder or in connection herewith except for its or their own negligence or willful misconduct. The Trustee may consult with legal counsel selected by it (the reasonable fees of which counsel shall be paid by the Borrower) and any action taken or suffered by it reasonably and in good faith in accordance with the opinion of such counsel shall be full justification and protection to it. The Trustee may at all times assume compliance with this Regulatory Agreement unless otherwise notified in writing by or on behalf of the Issuer, or unless it has actual knowledge of noncompliance.

After the date the Bonds no longer remain outstanding, the Trustee shall have no further rights, duties or responsibilities under this Regulatory Agreement, and all references to the Trustee in this Regulatory Agreement shall be deemed references to the Issuer.

Section 19. Recording and Filing. (a) The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County, and in such other places as the Issuer may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

(b) The Borrower 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 Borrower 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, whereby the Bondholder or its designee 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 and discharge of the Loan Agreement, the Borrower shall continue to pay the fees of the Issuer as provided in Section 7(a).

If the Borrower fails to make payment of the annual fee of the Issuer for a period of two consecutive years or more, 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.

Section 21. Governing Law; Venue. This Regulatory Agreement shall be construed in accordance with and governed by the laws of the State applicable to contracts made and

performed in the State. This Regulatory Agreement shall be enforceable in the State, and any action arising hereunder shall (unless waived by the Issuer in writing) be filed and maintained in the Superior Court of California, County of San Diego.

Section 22. Amendments; Waivers. (a) Except as provided in Section 8(a) and 29(e) 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 receipt by the Issuer of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Bonds and is not contrary to the provisions of the Act. The Borrower shall provide a copy of any such amendment to the Trustee.

(b) Anything to the contrary contained herein notwithstanding, the Issuer and the Borrower hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel, in order that interest on the Tax-Exempt Bonds remains Tax-Exempt. The party requesting such amendment shall notify the other party 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 an opinion as to the effect of such proposed amendment upon the Tax-Exempt status of interest on the Tax-Exempt 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 Section 13.01 of the Indenture. Unless otherwise specified by the Administrator, the address of the Administrator is the same as the address of the Issuer. A copy of any notice sent to the Borrower shall be provided to the Investor Limited Partner at the address provided, and as such term is defined, in the Indenture.

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, CDLAC 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. 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 Borrower hereunder shall also be provided to the Trustee at its address specified in the Indenture.

The Borrower 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 Borrower or the Manager. The Borrower shall further 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 Borrower under this Regulatory Agreement to any person or entity, including, but not limited to, the Trustee or the Issuer and their successors and assigns, is limited to the Borrower's interest in the Project and the amounts held in the funds and accounts created under the Indenture, or any rights of the Borrower 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 Borrower 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 Borrower's obligations under this Regulatory Agreement), shall be rendered against the Borrower, the assets of the Borrower (other than the Borrower's interest in the Project, this Regulatory Agreement, amounts held in the funds and accounts created under the Indenture, any rights of the Borrower under the Loan Agreement or any other documents relating to the Bonds or any rights of the Borrower under any guarantees relating to the Project), its partners, 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 and the Loan Agreement or any agreement securing the obligations of the Borrower 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. Third-Party Beneficiaries. The Administrator, the Trustee, CDLAC and the San Diego Housing Commission are intended to be and shall each be a third-party beneficiary of this Regulatory Agreement. The Administrator shall have the right (but not the obligation) to enforce, separately or jointly with the Issuer and/or the Trustee, the terms of this Regulatory Agreement and to pursue an action for specific performance or other available remedy at law or in equity in accordance with Section 17 hereof. 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 any Bondholder.

Section 28. Property Management. The Borrower agrees that at all times the Project shall be managed by a property manager (i) approved by the Issuer in its reasonable discretion (it being acknowledged that the Issuer hereby approves ConAm Management Corporation as a property manager for the Project) 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 Borrower 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 Borrower agrees to cooperate with the Issuer in such reviews.

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 Borrower, the Bondholder and the Trustee requesting replacement of the Manager, which notice shall state clearly the reasons for such request. The Borrower agrees that, upon receipt of such notice, it shall within 60 days submit to the Issuer, with a copy to the Trustee and the Bondholder, a proposal to engage a new Manager meeting the requirements of this Section 28. The Issuer shall respond within 30 days to such proposal or such approval shall be deemed given. Upon receipt of such consent or deemed consent and the written consent of the Bondholder, the Borrower shall within 60 days terminate the existing Manager's engagement and engage the new Manager. If such proposal is denied by the Issuer or the Bondholder, the Borrower agrees that upon receipt of notice of such denial, it shall within 60 days submit to the Issuer, with a copy to the Bondholder and the Trustee, a proposal to engage another new Manager meeting the requirements of this Section 28, subject to the Issuer's and the Bondholder's consent pursuant to the terms hereof.

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 Borrower hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 29, as follows:

(a) The Borrower shall comply with the CDLAC Resolution attached hereto as Exhibit E and the CDLAC Conditions set forth in Exhibit A of the CDLAC Resolution (the "CDLAC Conditions"), which conditions are incorporated herein by reference and made a part hereof. The Borrower will prepare and submit to the Administrator, on behalf of the Issuer:

(i) not later than February 1 of each year, until the construction of the Project is completed, and on February 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three year period) until the end of the Compliance Period, a Certificate of Compliance II for Qualified Residential Rental Projects, in substantially the form required or provided by CDLAC from time to time ("Certificate of Compliance"), executed by an Authorized Borrower Representative; with such Certificate of Compliance to be prepared pursuant to the terms of the CDLAC Conditions;

(ii) a certificate of completion, in substantially the form required or provided by CDLAC from time to time, executed by an Authorized Borrower Representative certifying among other things to the substantial completion of the construction of the Project; and

(iii) not later than February 1 every three years after the filing of a certificate of completion until the end of the Qualified Project Period, a California Tax Credit Allocation Committee Status Report or equivalent documentation, as required or provided by CDLAC from time to time, executed by an Authorized Borrower Representative.

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 Borrower to report to the Issuer.

(b) The Borrower acknowledges that the Issuer and the Administrator shall monitor or cause to be monitored the Borrower's compliance with the terms of the CDLAC Conditions. The Borrower acknowledges that the Issuer will prepare and submit to CDLAC, not later than March 1 of each year until the construction of 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 Borrower 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 Compliance Period, whichever is earlier.

(d) The Borrower 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 default under a Loan Agreement or this Regulatory Agreement, including, but not limited to, such defaults associated with the Tax-Exempt status of the interest on the 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 Borrower after the Closing Date, at any time, that are not more restrictive than the original CDLAC Conditions; provided however, that, with the prior written consent of the Trustee and the owner of the Series 2018 G-2 Bonds, which will not be unreasonably withheld: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Project in the real property records of the County of a regulatory agreement between Borrower and the California Tax Credit Allocation Committee ("TCAC Regulatory Agreement") shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Borrower or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18 through 26 and 37 of Exhibit A to the CDLAC Resolution to any change in terms and conditions requested by Borrower and approved by CDLAC. The Issuer may, in its sole and absolute discretion, require that the Borrower enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties hereto or their successor in title and duly recorded in the real property records of the County. The Borrower shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

Any of the foregoing requirements of the CDLAC Conditions 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 Act and may be waived without adversely affecting the exclusion from gross income of interest on the Bonds for federal

income tax purposes; and (ii) any requirement of this Section 29 shall be void and of no force and effect if the Issuer and the Borrower 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 Act or any other state or federal law.

Section 30. Limited Liability of Issuer. All obligations of the Issuer incurred under this Regulatory Agreement shall be limited obligations, payable solely and only from Bond proceeds and other amounts derived by the Issuer from the Loans or otherwise under the Loan Agreement.

Section 31. Annual Reporting Covenant. No later than January 31 of each calendar year (commencing January 31, 2021), the Borrower, 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 with respect to each series of the Bonds 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 Loans have been fully spent.

Section 32. Conflict With Other Affordability Agreements. Notwithstanding any provision in this Regulatory Agreement to the contrary, in the event of any conflict between the provisions of this Regulatory Agreement and any other agreement that imposes affordability requirements on the Project, including those referenced in Section 3(e) hereof, the provisions providing for the most affordable units, with the most affordability, in the Project shall prevail, so long as at all times the requirements of Section 2, 3, 4, 6, 7 and 29 of this Regulatory Agreement are in any event satisfied. Notwithstanding the foregoing, a breach or default under any agreement referenced in Section 3(e) hereof shall not, in itself, constitute a breach or a default under this Regulatory Agreement.

IN WITNESS WHEREOF, the Issuer and the Borrower 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: _____

Its: _____

19048.44:J16952

[Signature page to Regulatory Agreement and Declaration of Restrictive Covenants –
ULRIC Street Apartments]

ULRIC STREET HOUSING ASSOCIATES, L.P.,
a California limited partnership

By: Ulric Street Housing Opportunities LLC,
a California limited liability company,
its general partner

By: Community HousingWorks,
a California nonprofit public benefit
corporation,
its sole member / manager

By: _____
Mary Jane Jagodzinski,
Senior Vice President

19048.44:J16952

[Signature page to Regulatory Agreement and Declaration of Restrictive Covenants –
ULRIC Street Apartments]

NOTARY ACKNOWLEDGMENT

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

State of California

ss.

County of _____

On _____, before me, _____, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ [Seal]
Notary Public

NOTARY ACKNOWLEDGMENT

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

State of California

ss.

County of _____

On _____, before me, _____, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ [Seal]
Notary Public

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

Real property in the City of San Diego, County of San Diego, State of California, described as follows:

APN: _____

EXHIBIT B

FORM OF INCOME CERTIFICATION

TENANT INCOME CERTIFICATION

Initial Certification 1st Recertification Other:

| |
|-------------------------------|
| Effective Date: |
| Move-in Date: (YYYY-MM-DD) |

PART I - DEVELOPMENT DATA

| | | |
|--|-------------------|-------------|
| Property Name: ULRIC Street Apartments | County: San Diego | BIN #: |
| Address: _____ Ulric Street, San Diego, CA | 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//D) | 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 | = | (J) Imputed Income | \$ |
| If over \$5000 \$ | X 2.00% | | | |
| 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 | \$ _____ | Unit Meets Income Restriction at: <input type="checkbox"/> 60% <input type="checkbox"/> 50% <input type="checkbox"/> 40% <input type="checkbox"/> 30% <input type="checkbox"/> % | RECERTIFICATION ONLY: Current Income Limit x 140%: \$ _____ Household Income exceeds 140% at recertification: <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 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) | \$ _____ |
| Maximum Rent Limit for this unit: | \$ _____ |
| | Unit Meets Rent Restriction at: <input type="checkbox"/> 60% <input type="checkbox"/> 50% <input type="checkbox"/> 40% <input type="checkbox"/> 30% <input type="checkbox"/> % |

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) | *Student Explanation: 1 AFDC / TANF Assistance 2 Job Training Program 3 Single Parent / Dependent Child 4 Married / Joint Return 5 Former Foster Care |
| | Enter 1-5 | |

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"/> See Part V above. | b. HOME <input type="checkbox"/> <i>Income Status</i> <input type="checkbox"/> ≤ 50% AMGI <input type="checkbox"/> ≤ 60% AMGI <input type="checkbox"/> ≤ 80% AMGI <input type="checkbox"/> OI** | c. Tax Exempt <input type="checkbox"/> <i>Income Status</i> <input type="checkbox"/> 50% AMGI <input type="checkbox"/> 60% AMGI <input type="checkbox"/> 80% AMGI <input type="checkbox"/> OI** | d. AHDP <input type="checkbox"/> <i>Income Status</i> <input type="checkbox"/> 50% AMGI <input type="checkbox"/> 80% AMGI <input type="checkbox"/> OI** | e. _____ <input type="checkbox"/> (Name of Program) <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

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I - Project Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

- | | |
|-----------------|---|
| *Move-in Date | Enter the date the tenant has or will take occupancy of the unit. (YYYY-MM-DD) |
| *Effective Date | Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification. (YYYY-MM-DD) |
| Property Name | Enter the name of the development. |
| County | Enter the county (or equivalent) in which the building is located. |
| BIN # | Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609). |
| Address | Enter the address of the building. |
| Unit Number | Enter the unit number. |
| # Bedrooms | Enter the number of bedrooms in the unit. |
| *Vacant Unit | Check if unit was vacant on December 31 of requesting year. |

Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following coded definitions:

- | | | | | | |
|---|---|-------------------|---|---|----------------------------|
| H | - | Head of Household | S | - | Spouse |
| A | - | Adult co-tenant | O | - | Other family member |
| C | - | Child | F | - | Foster child(ren)/adult(s) |
| L | - | Live-in caretaker | N | - | None of the above |

Enter the date of birth, student status, and last four digits of social security number or alien registration number for each occupant. If tenant does not have a Social Security Number (SSN) or alien registration number, please enter the numerical birth month and last two digits of birth year (e.g. birthday January 1, 1970, enter "0170"). If tenant has no SSN number or date of birth, please enter the last 4 digits of the BIN.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

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. |

HOUSEHOLD 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.

Part 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 Household size 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. |
| Current Income Limit x 140% | 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 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. |

Part 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. |

Part 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.

Part 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. |

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.

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

Name: _____

Telephone Number: _____

()

| | | |
|--------------------------|-----------------------|--------|
| <input type="checkbox"/> | Initial Certification | BIN # |
| <input type="checkbox"/> | Re-certification | |
| <input type="checkbox"/> | Other | Unit # |

INCOME INFORMATION

| 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. | \$ |
| <input type="checkbox"/> | <input type="checkbox"/> | I receive unemployment benefits. | \$ |
| <input type="checkbox"/> | <input type="checkbox"/> | I receive Veteran's Administration, GI Bill, or National Guard/Military benefits/income. | \$ |
| <input type="checkbox"/> | <input type="checkbox"/> | I receive periodic social security payments. | \$ |
| <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.). | \$ |
| <input type="checkbox"/> | <input type="checkbox"/> | I receive Supplemental Security Income (SSI). | \$ |
| <input type="checkbox"/> | <input type="checkbox"/> | I receive disability or death benefits other than Social Security. | \$ |
| <input type="checkbox"/> | <input type="checkbox"/> | I receive Public Assistance Income (examples: TANF, AFDC) | \$ |
| <input type="checkbox"/> | <input type="checkbox"/> | I am entitled to receive child support payments. | \$ |
| <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 | \$ |
| <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) _____ | \$ \$ |
| <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 | \$ |

Asset information

| 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) | % % | \$ \$ |
| <input type="checkbox"/> | <input type="checkbox"/> | I have a savings account(s) If yes, list bank(s) 1) 2) | % % | \$ \$ |
| <input type="checkbox"/> | <input type="checkbox"/> | I have a revocable trust(s) If yes, list bank(s) 1) | % | \$ |
| <input type="checkbox"/> | <input type="checkbox"/> | I own real estate. If yes, provide description: | | \$ |
| <input type="checkbox"/> | <input type="checkbox"/> | I own stocks, bonds, or Treasury Bills If yes, list sources / bank names 1) 2) 3) | % % % | \$ \$ \$ |
| <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) | % % % | \$ \$ \$ |
| <input type="checkbox"/> | <input type="checkbox"/> | I have an IRA / Lump Sum Pension / Keogh Account / 401K. If yes, list bank(s) 1) 2) | % % | \$ \$ |
| <input type="checkbox"/> | <input type="checkbox"/> | I have a whole life insurance policy. If yes, how many policies | | \$ |
| <input type="checkbox"/> | <input type="checkbox"/> | I have cash on hand. | | \$ |
| <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. If yes, list items and date disposed: 1) 2) | | \$ \$ |

STUDENT STATUS

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.)? Does the household consist of all persons who have been a <u>full-time</u> student in the previous 5 months? Does your household anticipate becoming an all full-time student household in the next 12 months? |
| <input type="checkbox"/> | <input type="checkbox"/> | |
| <input type="checkbox"/> | <input type="checkbox"/> | |
| <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 dependent 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"/> | |

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

ULRIC STREET APARTMENTS

The undersigned, being _____ of Ulric Street Housing Associates, L.P., a California limited partnership (the "Borrower") has read and is thoroughly familiar with the provisions of the various documents associated with the Borrower's participation in the Housing Authority of the City of San Diego (the "Issuer") Multifamily Housing Program, such documents including: (a) the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of October 1, 2020 (the "Regulatory Agreement") between the Borrower and the Issuer; and (b) the Loan Agreement, dated as of October 1, 2020, between the Borrower and the Issuer referred to in the Regulatory Agreement.

In connection with the foregoing, the undersigned does hereby certify that:

1. During the preceding reporting period (i) the Project was continually in compliance with the Regulatory Agreement, and (ii) (a) ___% of the units in the Project were occupied by Low Income Tenants (including units referenced in the succeeding clause (b), minimum of 40%) and (b) ___% of the units in the Project were occupied by Very Low Income Tenants (minimum of 10%).

2. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief.

Set forth below are the names of Low Income Tenants and Very Low Income Tenants who commenced or terminated occupancy during the preceding reporting period.

| Commenced Occupancy | Terminated Occupancy |
|---------------------|----------------------|
| 1. | 1. |
| 2. | 2. |

The units occupied by Low Income Tenants and Very Low Income Tenants are of similar size and quality to other units and are dispersed throughout the Project. Attached is a separate sheet listing the number of each unit and indicating which units are occupied by Low Income Tenants and Very Low Income Tenants, the size, the number of bedrooms of such units and the number of Low Income Tenants and Very Low Income Tenants who commenced occupancy of units during the preceding reporting period.

3. Select appropriate certification: [No unremedied default has occurred under the Regulatory Agreement or the Loan Agreement.] [A default has occurred under the _____. The nature of the default and the measures being taken to remedy such default are as follows: _____.]

4. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief.

Capitalized terms used in this Certificate and not otherwise defined herein have the meanings given to such terms in the Regulatory Agreement.

Date: _____

ULRIC STREET HOUSING ASSOCIATES, L.P.,
a California limited partnership

By: Ulric Street Housing Opportunities LLC,
a California limited liability company,
its general partner

By: Community HousingWorks,
a California nonprofit public benefit
corporation,
its sole member / manager

By: _____
Mary Jane Jagodzinski,
Senior Vice President

| Unit No. | Low Income, Very Low Income or Market Unit | No. of Bedrooms | Rent | Total Eligible Income (for Low/Very Low Income Units) | Size (Sq. Ft.) |
|----------|--|--------------------|-------|--|----------------|
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |

Total Number of Units: _____

Percentage of Low Income Units: _____

Percentage of Very Low Income Units: _____

Number of Low Income Tenants commencing occupancy this month: _____

Number of Very Low Income Tenants commencing occupancy this month: _____

EXHIBIT D

FORM OF COMPLETION CERTIFICATE

The undersigned hereby certifies that the acquisition and construction of the Project was substantially completed as of _____.

The undersigned hereby further certifies that:

(1) the aggregate amount disbursed on the Loans to date is \$_____;

(2) all amounts disbursed on the Loans have been applied to pay or reimburse the undersigned for the payment of Project Costs and none of the amounts disbursed on the Loans have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs;

(3) at least ninety-seven percent (97%) of the amounts disbursed on each of the Tax-Exempt Construction Loan and the Convertible Term Loan have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs, and less than 25 percent of such disbursements of the Tax-Exempt Construction Loan and the Convertible Term Loan have been used for the acquisition of land or an interest therein; and

(4) the Borrower is in compliance with the provisions of the Regulatory Agreement and the Loan Agreement.

Capitalized terms used in this Completion Certificate have the meanings given such terms in the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of October 1, 2020, between Ulric Street Housing Associates, L.P., a California limited partnership and the Housing Authority of the City of San Diego.

ULRIC STREET HOUSING ASSOCIATES, L.P.,
a California limited partnership

By: Ulric Street Housing Opportunities LLC,
a California limited liability company,
its general partner

By: Community HousingWorks,
a California nonprofit public benefit
corporation,
its sole member / manager

By: _____
Mary Jane Jagodzinski,
Senior Vice President

EXHIBIT E

CDLAC RESOLUTION

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Revised September 2, 2020

RESOLUTION NO. 20-069

A RESOLUTION TRANSFERRING A PORTION OF THE 2020 STATE CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

WHEREAS, the California Debt Limit Allocation Committee ("Committee") has received an application ("Application") from the Housing Authority of the City of San Diego ("Applicant") for the transfer to the Applicant of a portion of the 2020 State Ceiling on Qualified Private Activity Bonds under Section 146 of the Internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations ("Bonds") for a Project as specifically described in Exhibit A ("Project") (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Regulations of the Committee implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds); and

WHEREAS, the Project Sponsor has represented and the Applicant has confirmed in the Application certain facts and information concerning the Project; and

WHEREAS, in evaluating the Project and allocating a portion of the State Ceiling on Qualified Private Activity Bonds to the Applicant for the benefit of the Project, the Committee has relied upon the written facts and information represented in the Application by the Project Sponsor and the Applicant; and

WHEREAS, it is appropriate for the Committee to make a transfer of a portion of the 2020 State Ceiling on Qualified Private Activity Bonds ("Allocation") in order to benefit such Project described in the Application.

NOW, THEREFORE, the California Debt Limit Allocation Committee resolves as follows:

Section 1. There is hereby transferred to the Applicant an amount of the 2020 State Ceiling on Qualified Private Activity Bonds equal to **\$28,930,321**. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Exhibit A are hereafter referred to collectively as this "Resolution").

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds. The Project Sponsor and the Applicant, and all of their respective successors and assignees, will be bound by such terms and conditions. The Applicant shall monitor the Project for compliance with the terms and conditions of this Resolution. In addition, the Project shall be subject to the monitoring provisions of the California Code of Regulations, Title 4, Section 10337(c) and Section 5220 of the Committee's Regulations.

Section 3. Any modification to the Project made prior to the issuance of the Bonds that impacts the resolution must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Committee's Regulations, shall require reconsideration by the Committee before the Allocation may be used for the Project. After Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy. In addition, after bonds are issued, changes to Items #1, #6, #7, #10 thru #12, #14 thru #16, #18 thru #26, and #37 of the Exhibit A require Committee or Executive Director approval for the term of commitment; changes to item #2, #13, #17, #27, and #39 thru #41 of the Exhibit A cannot be altered; changes to Items #3 thru #5 of the Exhibit A require no Committee or Executive Director approval but any alterations must be reported to CDLAC staff for the affordability period; changes to Items #8 and #9 of the Exhibit A require no CDLAC notification; and changes to Items #28 thru #36 and #38 of the Exhibit A require Committee or Executive Director approval only prior to the Project being Placed in Service by the CA Tax Credit Allocation Committee (TCAC).

Section 4. Any material changes in the structure of the bond sale prior to the issuance of the Bonds and not previously approved by the Committee shall require approval of the Committee Chair or the Executive Director.

RESOLUTION NO. 20-069

Revised September 2, 2020

Page 2 of 3

Section 5. The transfer of proceeds from the sale of bonds to a project other than the Project subject to this Resolution is allowable only with the prior approval of the Executive Director in consultation with the Chair, except when the Project is unable to utilize any of its allocation and the Applicant is requesting the transfer of the entire Allocation to different project(s). In such case, prior approval of the Committee must be obtained. Any transfer made pursuant to this Section may only be made to another project of the same issuer that has been previously approved by the Committee.

Section 6. The Applicant is not authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Allocation to any governmental unit in the State other than the Committee.

Section 7. The Allocation transferred herein to the Applicant shall automatically revert to this Committee unless the Applicant has issued Bonds for the Project by the close of business on **October 27, 2020**. Upon the discretion of the Executive Director, the expiration may be extended pursuant to the provisions in Chapter 1, Article 8 of the Committee's Regulations. Please see section 14 for further provisions.

Section 8. Within twenty-four (24) hours of using the Allocation to issue Qualified Private Activity Bonds, the Applicant shall notify the Committee at CDLAC@treasurer.ca.gov that the Allocation has been used. This notice shall identify the Applicant, the Project or Program, the date the Allocation was used and the amount of Allocation used.

Section 9. Within fifteen (15) calendar days of the Bond closing, the Applicant or its counsel shall formally transmit to the Committee information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by the Committee.

Section 10. Any differences between the amount of Bonds issued and the amount of the Allocation granted in Section 1 of this Resolution shall automatically revert to the Committee. If at any time prior to the expiration date set forth in Section 7 hereof, the Applicant determines that part or all of the Allocation will not be used to issue Bonds by that date, the Applicant shall take prompt action by resolution of its governing Board or by action of its authorized officer to return such unused Allocation to the Committee.

Section 11. The staff of the Committee is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy of this Resolution in the Applicant's official records for the term of the Bonds under this Allocation or the term of the income and rental restrictions whichever is longer. The Committee staff is further directed to retain a copy of this Resolution in the files of the Committee (or any successor thereto) for the same period of time.

Section 12. In consideration of the Allocation transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Furthermore, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Committee through an action for specific performance or any other available remedy, provided however, that the Committee agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Committee is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 5. The transfer of proceeds from the sale of bonds to a project other than the Project subject to this Resolution is allowable only with the prior approval of the Executive Director in consultation with the Chair, except when the Project is unable to utilize any of its allocation and the Applicant is requesting the transfer of the entire Allocation to different project(s). In such case, prior approval of the Committee must be obtained. Any transfer made pursuant to this Section may only be made to another project of the same issuer that has been previously approved by the Committee.

Section 6. The Applicant is not authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Allocation to any governmental unit in the State other than the Committee.

Section 7. The Allocation transferred herein to the Applicant shall automatically revert to this Committee unless the Applicant has issued Bonds for the Project by the close of business on **October 27, 2020**. Upon the discretion of the Executive Director, the expiration may be extended pursuant to the provisions in Chapter 1, Article 8 of the Committee's Regulations. Please see section 14 for further provisions.

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Section 11. The staff of the Committee is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy of this Resolution in the Applicant's official records for the term of the Bonds under this Allocation or the term of the income and rental restrictions whichever is longer. The Committee staff is further directed to retain a copy of this Resolution in the files of the Committee (or any successor thereto) for the same period of time.

Section 12. In consideration of the Allocation transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Furthermore, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Committee through an action for specific performance or any other available remedy, provided however, that the Committee agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Committee is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 13. The Certification of Compliance II or equivalent form is to be submitted by the Project Sponsor to the Applicant by the Applicant's specified deadline, but no later than March 1st annually until the project's Certificate of Completion has been submitted to the Applicant. Following the submission of the Certificate of Completion or equivalent form to the Applicant, the Certification of Compliance II is to be submitted March 1st every three years thereafter. In addition, an Annual Applicant Public Benefits and On-going Compliance Self-Certification (Self Certification) form must be submitted by the Applicant online every year until the Certificate of Completion has been submitted to the Applicant. After the completion of the project has been reported, the Self Certification will be required to be submitted March 1st every three years thereafter pursuant to Section 5144 of the CDLAC Regulations. Verification to CDLAC of income and rental information is not required in advance of the submission of the Certificate of Completion. A copy of the Certification of Compliance II and the Certificate of Completion forms may be found at this website location: <http://www.treasurer.ca.gov/cdlac>. Failure to submit compliance may result in disqualification from future program participation.

Section 14. The applicant may return the allocation to the Committee without assesment of negative points or forfeiture of the performance deposit if the formal written notification is received by the Committee no later than **June 14, 2020** for this project.

Section 15. This Resolution shall take effect immediately upon its adoption.

* * *
CERTIFICATION

I, Genevieve V. Jopanda, Chief Deputy Treasurer, hereby certify that the above revisions have been incorporated into the previously approved Resolution adopted at a meeting of the Committee held in the Jesse Unruh Building, 915 Capitol Mall, Room 587, Sacramento, California 95814, on April 14, 2020 at 11:03am with the following votes recorded:

AYES: State Treasurer Fiona Ma, CPA
Gayle Miller for Governor Gavin Newsom
Anthony Sertich for State Controller Betty T. Yee

NOES: None
ABSTENTIONS: None
ABSENCES: None



Genevieve V. Jopanda, Chief Deputy Treasurer

Date: September 2, 2020

RESOLUTION NO. 20-069
Revised September 2, 2020
(QUALIFIED RESIDENTIAL RENTAL PROJECT)
EXHIBIT A

- 1. Applicant: Housing Authority of the City of San Diego
- 2. Application No.: 20-482
- 3. Project Sponsor: Ulric Street Housing Associates, LP (Ulric Street Housing Opportunities, LLC)
- 4. Property Management Co.: ConAm Management Corporation
- 5. Project Name: ULRIC Street Apartments
- 6. Type of Project: New Construction/Family
- 7. Location: San Diego, CA
- 8. Private Placement Purchaser: **US Bank** (Construction & Permanent)
 Cash Flow Bond: **Not Applicable**

All units identified in the CDLAC resolution, including both the Federally Bond-Restricted Units and the Other Restricted Units, will be incorporated into the Bond Regulatory Agreement. Assumptions to be included in the Bond Regulatory Agreement regarding the Other Restricted Units will include the AMI as outlined in the CDLAC resolution, a limitation that tenants pay no more than 30% of their income and 1.5 persons per bedroom occupancy standard to determine the applicable rent.

Not Applicable

- 9. Public Sale: **Not Applicable**
 Credit Enhancement Provider: **Not Applicable**
- 10. Total Number of Units: **95 plus 1** unrestricted manager unit(s)
- 11. Total Number of Restricted Rental Units: **95**
- 12. The term of the income and rental restrictions for the Project will be at least 55 years from the date 50% occupancy is achieved or when the project is otherwise placed in service.
- 13. The Regulatory Agreement shall not terminate prior to the end of the CDLAC Resolution affordability term in the event of foreclosure, exercise of power of sale, and/or transfer of title by deed in lieu of foreclosure in connection with a deed of trust directly or indirectly securing the repayment of Cash Flow Permanent Bonds.
- 14. The Project will utilize Gross Rents as defined in Section 5170 of the Committee's Regulations.
Applicable
- 15. Income and Rental Restrictions
 - a. Federally Bond-Restricted Set-aside Units:
 At least **40%** of the total units will be restricted at 60% of the Area Median Income.
 - b. Other Restricted Units
 For the entire term of the income and rental restrictions, the Project will have:

 At least **84** Qualified Residential units rented or held vacant for rental for persons or families whose income is at or below 50% of the Area Median Income.

 At least **11** Qualified Residential units rented or held vacant for rental for persons or families whose income is at or below 60% of the Area Median Income.

RESOLUTION NO. 20-069

Exhibit A

Revised September 2, 2020

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16. **10%** of the units will be restricted to households with incomes no greater than **50%** of the Area Median Income in accordance with Section 5191 of the Committee's Regulations. These units will be distributed as follows:

Applicable

| | |
|----------------|----------|
| Studios: | 1 |
| One-bedroom: | 2 |
| Two-bedroom: | 4 |
| Three-bedroom: | 3 |
| Four-bedroom: | 0 |
| Five-bedroom | 0 |

17. For acquisition and rehabilitation projects, a minimum of \$15,000 in hard construction costs will be expended for each Project unit.

Not Applicable

18. A minimum of \$14,000,000 of public funds will be expended for the Project.

Applicable

19. At a minimum, the financing for the Project shall include a Taxable Tail in the amount of \$3,983,141. Taxable debt may only be utilized for Project related expenses, not for the cost of issuance, for which the Project Sponsor could otherwise have used tax-exempt financing.

Applicable

20. If the Project received points for having large family restricted units for the entire term of the income and rental restrictions, the Project will have at least 29 three-bedroom or larger restricted units.

Applicable

21. For a period of fifteen (15) years after the Project is placed in use, the Project will provide to Project residents high-speed Internet or wireless (WiFi) service in each Project unit.

Not Applicable

22. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents an after school program of an ongoing nature on-site or there must be an after school program available to Project residents within 1/2 mile of the Project or except where Project will provide no cost round trip transportation. The programs shall include, but are not limited to: tutoring, mentoring, homework club, art, and recreation activities to be provided weekdays throughout the school year for at least ten (10) hours per week.

Not Applicable

23. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents instructor-led educational, health and wellness, or skill building classes. The classes shall include, but are not limited to: financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation & preparation, and smoking cessation. Classes shall be provided at a minimum of 84 hours per year (drop-in computer labs, monitoring and technical assistance shall not qualify) and be located within 1/2 mile of the Project or except where Project will provide no-cost round trip transportation.

Applicable

24. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents 20 hours or more per week of licensed childcare on-site or there must be 20 hours or more per week of licensed childcare available to Project residents within 1/2 mile of the Project or except where Project will provide no cost round trip transportation.

Not Applicable

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Exhibit A

Revised September 2, 2020

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25. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents health and wellness services and programs within 1/2 mile of the Project or except where the Project will provide no cost round trip transportation. Such services and programs shall provide individualized support for tenants (not group classes) but need to be provided by licensed individuals or organizations. The services shall include, but are not limited to: visiting nurses programs, intergenerational visiting programs and senior companion programs. Services shall be provided for a minimum of 100 hours per year.

Not Applicable

26. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents a bona fide service coordinator. The responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or enrichment activities for tenants (such as holiday events, tenant council, etc.).

Applicable

Minimum full-time equivalent hours per year:

0.33

27. Minimum sustainable specifications will be incorporated into the project design per Section 5205 of the CDLAC Regulations.

Applicable

Section Waived:

- Energy Efficiency
- Landscaping
- Roofs
- Exterior Doors
- Appliances (ENERGY STAR)
- Window Coverings
- Water Heater
- Floor Coverings
- Insulation (Greengard Emission Criteria)

28. The Project commits to becoming certified under any one of the following programs upon completion:

- a. Leadership in Energy & Environmental Design (LEED for Homes) **Not Applicable**
- b. Green Communities **Not Applicable**
- c. Passive House Institute US (PHIUS) **Not Applicable**
- d. Passive House **Not Applicable**
- e. Living Building Challenge **Not Applicable**
- f. National Green Building Standard ICC / ASRAE – 700 silver or higher rating **Not Applicable**
- g. Green Point Rated Multifamily Guidelines **Applicable**
- h. WELL **Not Applicable**

29. The Project is a New Construction or Adaptive Reuse Project that commits to Energy Efficiency (including heating, cooling, fan energy, and water heating but not the following end uses: lighting, plug load, appliances, or process energy) beyond the requirements in Title 24, Part 6 of California Building Code (Percentage Better than the 2016 Standards):

- a. 7% **Applicable**
- b. 12% **Not Applicable**

30. The Project is a New Construction or Adaptive Reuse Project that commits to Energy Efficiency. The local building department has determined that building permit applications submitted on or before December 31, 2016 are complete and energy efficiency beyond the requirements in the 2013 Title 24, Part 6, of the California Building Code (the 2013 Standards) for the project as a whole shall be awarded.

- a. 9% **Not Applicable**
- b. 15% **Not Applicable**

RESOLUTION NO. 20-069

Exhibit A

Revised September 2, 2020

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31. The Project is a New Construction or Adaptive Reuse Project that commits to Energy Efficiency with renewable energy that provides the following percentages of project tenants' energy loads (Offset of Tenants' Load):
 - a. 20% **Applicable**
 - b. 30% **Applicable**
 - c. 40% **Applicable**

32. The Project is a Home Energy Rating System (HERS II) Rehabilitation Project that commits to improve energy efficiency above the current modeled energy consumption of the project as a whole by:
 - a. 15% **Not Applicable**
 - b. 20% **Not Applicable**

33. The Project is a Rehabilitation Project that commits to developing and/or managing the Project with the following Photovoltaic generation or solar energy:
 - a. Photovoltaic generation that offsets tenants loads **Not Applicable**
 - b. Photovoltaic generation that offsets 50% of common area load **Not Applicable**
 - c. Solar hot water for all tenants who have individual water meters **Not Applicable**

34. The Project is a Rehabilitation Project and will implement sustainable building management practices that include: 1) development of a project-specific maintenance manual including replacement specifications and operating information on all energy and green building features; and 2) undertaking formal building systems commissioning, retro-commissioning or re-commissioning as appropriate (continuous commissioning is not required).
Not Applicable

35. The Project is a Rehabilitation project that individually meters or sub-meters currently master-metered gas, electricity, or central hot water systems for all tenants.
Not Applicable

36. The project will commit to use no irrigation at all, irrigate only with reclaimed water, greywater, or rainwater (excepting water used for Community Gardens) or irrigate with reclaimed water, greywater or rainwater in an amount that annually equals 10,000 gallons or 150 gallons per unit whichever is less.
Not Applicable

37. The Project will commit to having at least one (1) nonsmoking building. If the project only has one (1) building, it will be subject to a policy developed by the Sponsor that prohibits smoking in contiguous designated units. These restrictions will be incorporated into the lease agreements for the appropriate units.
Not Applicable

38. The Project will commit to having a parking ratio equivalent to or less than one (1) parking stall per single room occupancy or one-bedroom restricted rental unit and 1.5 parking stalls per two-bedroom or larger restricted rental unit.
Applicable

39. As specified in Section 5144(b) of the Committee's Regulations, sponsors will be required to utilize TCAC's Compliance Manual specifically Section VI: Qualify Tenants for Low Income Housing Tax Credit Units, to verify tenant income in conjunction with initial occupancy. No less than every three (3) years after the project is completed, the Sponsor must collect and retain the following income and verification documentation related to all the Federally Bond-Restricted units identified in the Committee Resolution: TCAC Tax Income Calculation (TIC) or equivalent documentation, all associated source income documentation, evidence of the verifying income computation and unit lease.

Applicable

RESOLUTION NO. 20-069

Exhibit A

Revised September 2, 2020

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40. As specified in Section 5144(c) of the Committee's Regulations, compliance with the income and rental requirements of the Federally Bond-Restricted Units identified in the Committee Resolution and the Bond Regulatory Agreement must be demonstrated by the Applicants initial review of 20% of all management files associated with the Federally Bond-Restricted units and subsequent review every three years of 20% of all management files associated with the Federally Bond-Restricted units.

Applicable

41. As specified in Section 5144(d) of the Committee's Regulations, applicants are required to ensure an onsite inspection as well as an on-site review of the 20% Federally Bond-Restricted units is performed every 3 years after the Qualified Project Period has commenced.

The following entity will conduct the site and file inspections:

Not Applicable

EXHIBIT F

STATISTICAL REPORT TO ISSUER

Project: Ulric Street Apartments

Reporting Period: _____

Date: _____

As of the date hereof:

1. Total units: _____; units occupied by Low Income Tenants: _____; units occupied by Very Low Income Tenants: _____; vacant units most recently occupied by Low Income Tenants: _____; vacant units most recently occupied by Very Low Income Tenants: _____.

2. Total units occupied by households with children: _____; Low Income Units so occupied: _____; Very Low Income Units so occupied: _____.

3. Total units occupied by elderly households with a member of age 62 or over: _____; Low Income Units so occupied: _____; Very Low Income Units so occupied: _____.

4. The percentage of units currently occupied by white, black, Hispanic and Asian persons and American Indians are as follows (optional):

| | |
|-----------------|--------|
| white | _____% |
| black | _____% |
| Hispanic | _____% |
| Asian | _____% |
| American Indian | _____% |

5. The number of Low Income Tenants who terminated their rental agreements during the previous twelve (12) month period is _____. The number of Very Low Income Tenants who terminated their rental agreements during the previous twelve (12) month period is _____.

6. The number of units rented to new Low Income Tenants during the last twelve (12) month period is _____. The number of units rented to new Very Low Income Tenants during the last twelve (12) month period is _____.

7. The family names of each household currently occupying a Low Income Unit are listed on the schedule attached hereto. The family names of each household currently occupying a Very Low Income Unit are listed on the schedule attached hereto.

8. The number of Low Income Units of various sizes is:
one-bedroom: _____
two-bedroom: _____
three-bedroom: _____

9. The number of Very Low Income Units of various sizes is:
one-bedroom: _____
two-bedroom: _____
three-bedroom: _____

Capitalized terms used in this Statistical Report to Issuer have the meanings given to such terms in the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of October 1, 2020, between the Housing Authority of the City of San Diego and Ulric Street Housing Associates, L.P., a California limited partnership.

ULRIC STREET HOUSING ASSOCIATES, L.P.,
a California limited partnership

By: Ulric Street Housing Opportunities LLC,
a California limited liability company,
its general partner

By: Community HousingWorks,
a California nonprofit public benefit
corporation,
its sole member / manager

By: _____
Mary Jane Jagodzinski,
Senior Vice President

MARKED TO SHOW CHANGES.

**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:**

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726
Attention: Paul J. Thimmig, Esq.

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

by and between the

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

and

**ULRIC STREET HOUSING ASSOCIATES, L.P.,
a California limited partnership**

Dated as of October 1, 2020

Relating to:

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-1 (Construction/Permanent),**

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-2 (Construction),**

and

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(ULRIC Street Apartments),
Series 2020G-3 (Taxable)**

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”), dated as of October 1, 2020, 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 (together with any successor to its rights, duties and obligations, the “Issuer”), and Ulric Street Housing Associates, L.P., a 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 “Borrower”).

R E C I T A L S :

WHEREAS, the Legislature of the State of California enacted Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the “Act”) to authorize housing authorities to, among other actions, issue revenue bonds to finance the acquisition and construction of multifamily rental housing for families and individuals of low income; and

WHEREAS, the Issuer is a public body (within the meaning of that term in the Regulations of the Department of Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”)); and

WHEREAS, on June 25, 2019, the Board of Commissioners of the Issuer adopted Resolution No. HA-1822 (the “Inducement Resolution”) authorizing the issuance of revenue bonds under the Act in connection with the financing of a portion of the costs of the acquisition and construction of a multifamily residential rental housing project located at 2645-2685 Ulric Street in the City of San Diego, California on the site described in Exhibit A hereto and known as ULRIC Street Apartments (the “Project”) which housing project shall be subject to the terms and provisions hereof; and

WHEREAS, in furtherance of the purposes of the Act and the Inducement Resolution and as a part of the Issuer’s plan of financing residential housing, the Issuer has issued its revenue bonds designated “Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-1 (Construction/Permanent)” in the principal amount of \$_____ (the “Series G-1 Bonds”), its revenue bonds designated “Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-2 (Construction) in the principal amount of \$_____, and its revenue bonds designated “Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (ULRIC Street Apartments), Series 2020G-3 (Taxable)” in the principal amount of \$_____ (the “Series G-3 Bonds,” and together with the Series G-1 Bonds and the Series G-2 Bonds, the “Bonds”), pursuant to the terms of a Trust Indenture, dated as of October 1, 2020 (the “Indenture”), between the Issuer and [The Bank of New York Mellon Trust Company, N.A.](#), as trustee (the “Trustee”), the proceeds of which Bonds were loaned by the Issuer to the Borrower (the “Loans”) pursuant to the terms of a Loan Agreement, dated as of October 1, 2020 (the “Loan Agreement”), between the Issuer and the Borrower; and

WHEREAS, the Issuer hereby certifies that all things necessary to make the Bonds, when issued as provided in the Indenture, the valid, binding and limited obligations of the Issuer

“CDLAC Resolution” means CDLAC Resolution No. 20-069 attached hereto as Exhibit E, adopted on April 14, 2020 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 Borrower with the Issuer 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 Borrower, or as otherwise approved by the Issuer.

“City” means the San Diego, California.

“Closing Date” means ~~October 1, 2020~~, the date of the initial funding by the Bondowner of the purchase price of the Bonds under the Indenture. ~~the Bonds are issued and delivered to the initial owner thereof.~~

“Completion Certificate” means the certificate of completion of the acquisition and construction of the Project required to be delivered to the Issuer by the Borrower pursuant to Section 2(i) of this Regulatory Agreement, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit D.

“Completion Date” means the date of completion of the acquisition and construction of the Project, as that date shall be certified as provided in Section 2(i) of this Regulatory Agreement.

“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.

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

“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.

“Housing Act” means the United States Housing Act of 1937, as amended, or its successor.

“Income Certification” means an Income Certification in the form attached as Exhibit B hereto or in such other comparable form as may be provided by the Issuer or the Administrator to the Borrower, or as otherwise approved by the Issuer.

“Indenture” means the Indenture, as such capitalized term is defined in the Recitals to this Regulatory Agreement.

“Inducement Date” means June 25, 2019, being the date on which the Board of Commissioners of the Issuer adopted Resolution No. HA-1822, first expressing its intent to issue the Bonds to provide financing for the Project.

“Loan Agreement” means the Loan Agreement, as such capitalized term is defined in the Recitals to this Regulatory Agreement.

“Low Income Tenant” means a tenant occupying a Low Income Unit.

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 Borrower.

(a) The statements made in the various certificates delivered by the Borrower to the Issuer or the Trustee on the Closing Date are true and correct.

(b) The Borrower (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds of the Loans to be applied in a manner contrary to the requirements of the ~~respective~~ Loan Agreement and this Regulatory Agreement.

(c) The Borrower will not take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds, or the exemption from California personal income taxation of the interest on the Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(d) The Borrower will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, to comply fully with the Act, the Code and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

(e) The acquisition by the Borrower of a fee interest in the site on which the Project is located and the commencement of the construction of the Project occurred after the date which was 60 days prior to the Inducement Date. The Borrower has incurred a substantial binding obligation to expend proceeds of the Loans pursuant to which the Borrower is obligated to expend at least five percent (5%) of the maximum principal amount of the Loans.

(f) The Borrower will proceed with due diligence to complete the construction of the Project and the full expenditure of the proceeds of the Loans. The Borrower reasonably expects to complete the acquisition and construction of the Project and to expend the full \$ _____ principal amount of the Loans by _____.

(g) The Borrower's reasonable expectations respecting the total expenditure of the proceeds of the Loans have been accurately set forth in certificates of the Borrower delivered to the Issuer on the Closing Date. At all times, the aggregate disbursements of the proceeds of the

facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No portion of the proceeds of the Tax-Exempt Construction Loan or the Convertible Term Loan shall be used for an office unless the office is located on the premises of the facilities constituting the Project and unless not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

(o) In accordance with Section 147(b) of the Code, the average maturity of each series of the Tax-Exempt Bonds does not exceed 120% of the average reasonably expected remaining economic life of the facilities being financed by the Tax-Exempt Construction Loan ~~or~~ and the Convertible Term Loan.

(p) The Borrower shall comply with all applicable requirements of Section 65863.10 of the California Government Code pertaining to the Project, including the requirements for providing notices in Sections (b), (c), (d) and (e) thereof, and with all applicable requirements of Section 65863.11 of the California Government Code pertaining to the Project.

(q) The Borrower shall pay all of the Costs of Issuance.

(r) The Borrower hereby incorporates herein, as if set forth in full herein, each of the representations, covenants and warranties of the Borrower contained in the Tax Certificate and the Loan Agreement relating to the Project.

(s) The Borrower hereby represents and warrants that the Project is located entirely within the City.

(t) The Borrower agrees to comply with the provisions of Section 4.17 of the Loan Agreement, as in effect on the Closing Date.

(u) The Borrower 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 related to the Loans 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 Borrower in acquiring and constructing the Project.

Section 3. Qualified Residential Rental Project. The Borrower 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 Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project will be operated for the purpose of providing multifamily residential rental property. The Borrower 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 Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project (except for not more than one unit set aside for resident managers 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 Borrower take any steps in connection with a conversion to such ownership or use, and the Borrower will not take any steps in connection with a conversion of the Project to condominium ownership during the Compliance Period (except that the Borrower 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 will be available for rental during the period beginning on the first day of the Qualified Project Period 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 Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except (i) not more than one unit may be set aside for resident managers or other administrative use, or (ii) to the extent that dwelling units are required to be leased or rented in such a manner that they constitute Low Income Units or otherwise as necessary to comply with Section 6(a), (b) and (c), (iii) to the extent required under any "extended low-income housing commitment" (an "Extended Use Agreement") applicable to the Project, ~~or~~ (iv) to the extent required by the provisions of any documents related to the provision of State or federal low income housing tax credits for the Project, or (v) as may be required in connection with any of the "Loans" set forth in Part I of Exhibit F of the Construction and Convertible Term Bond Financing Agreement.

(f) The Project site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the 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) The Borrower shall not discriminate on the basis of race, creed, color, sex, source of income (e.g. TANF, SSI), physical disability, age, national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(h) No dwelling unit in the Project shall be occupied by the Borrower. Notwithstanding the foregoing, if the Project contains five or more dwelling units, this paragraph shall not be construed to prohibit occupancy of dwelling units by one or more resident managers or maintenance personnel any of whom may be the Borrower; provided that the number of such managers or maintenance personnel is not

(iii) any lien or charge upon payments by the Borrower 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 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 information provided by or on behalf of the Borrower and included in an offering statement or disclosure document for either series of the Bonds or any of the documents relating to any series of the Bonds, or any omission or alleged omission from any offering statement or disclosure document for any series of the Bonds of any material fact related to the Borrower or the Project 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 either series of the Tax-Exempt Bonds, or allegations (or regulatory inquiry) that interest on any of the Tax-Exempt 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 Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and 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 Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if 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 thereto, the Borrower will pay upon demand all of the fees and expenses paid or incurred by the Issuer in enforcing the provisions hereof.

The provisions of this Section 9 shall survive the final payment or defeasance of the Bonds and the termination of this Regulatory Agreement; provided, however, the provisions of this Section 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.

Nothing contained in this Section 9 shall cause the obligation of the Borrower to pay principal and interest on the Loans to be a recourse obligation of the Borrower.

The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Issuer or otherwise, and the obligation of the Borrower to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower. The Issuer shall

to the Issuer 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 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 Tax-Exempt Bonds; (D) receipt by the Issuer of all fees and/or expenses then currently due and payable to the Issuer by the Borrower; 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 Borrower, and shall be ineffective to relieve the Borrower 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 Borrower and any other party which requires the Borrower 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 Borrower shall be fully released from its obligations hereunder, but only 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 without the consent of the Issuer or compliance with the provisions of this Section 12. The Issuer hereby approves (A) the transfer of limited partnership interests in the Borrower, including, without limitation, the transfer of membership interests in the Borrower from the investor limited partner and non-managing membership interests in the limited partner of Borrower, (B) the withdrawal of any partner of the Borrower under the Borrower's partnership agreement, or (C) any other transfer of interests pursuant to the provisions of the Borrower's partnership agreement as in effect from time to time, including but not limited to the removal of a general partner of the Borrower (including removal of the managing general partner of the Borrower) and replacement thereof by an affiliate of any partner of the Borrower.

For the Compliance Period, the Borrower shall not: (A) 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 (1) encumbrances permitted under the Loan Agreement, or (2) a Transfer in accordance with the terms of this Regulatory Agreement, in each case upon receipt by the Issuer of an opinion of Bond Counsel to the effect that such action will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt 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); (B) 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 (C) 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 Loan Agreement.

Section 17. Default; Enforcement. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after written notice thereof shall have been given by the Issuer or the Trustee (with a copy to the Issuer) to the Borrower, or for a period of 60 days from the date the Borrower should, with reasonable diligence, have discovered such default, then the Issuer may 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 Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected (which cure period shall be no longer than 180 days following the delivery of notice of a default to the Borrower), 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 Tax-Exempt Bonds. The Issuer and the Trustee shall have the right to enforce the obligations of the Borrower under this Regulatory Agreement within shorter periods of time than are otherwise provided herein if necessary to insure compliance with the Act or the Code.

Following the declaration of an Event of Default hereunder, the Issuer or the Trustee, subject to the terms of the Loan Agreement, 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 Borrower 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 hereunder;
- (ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project;
- (iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder; and
- (iv) with the prior written consent of Bondholder, declare default under the Loan Agreement, and proceed with any remedies provided therein.

Any limited partner of the Borrower shall have the right but not the obligation to cure any Event of Default, and the Issuer and the Trustee agree to accept any cure tendered by any such limited partner on behalf of the Borrower within any cure period specified above.

The Borrower hereby agrees that specific enforcement of the Borrower’s agreements contained herein is the only means by which the Issuer may fully obtain the benefits of this Regulatory Agreement made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower hereunder.

The Trustee shall have the right, in accordance with this Section and the provisions of the Loan Agreement, without the consent or approval of the Issuer, but with the prior written consent of Bondholder, 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.

The Issuer and the Trustee hereby agree that cure of any Event of Default made or tendered by any partner of the Borrower 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.

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 Borrower; provided, however, that in the event that any action arises hereunder in which the Borrower and the Trustee are adversaries, the prevailing party, if any, shall be entitled to recover legal fees and costs from the other party.

Section 18. The Trustee. The Trustee shall be entitled, but shall have no duty, to act with respect to enforcement of the Borrower's performance hereunder. The Trustee, either on its own behalf or as the agent of and on behalf of the Issuer, may, in its sole discretion, act hereunder 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, all provisions of the Indenture and the Loan Agreement relating to the rights, privileges, powers, indemnities 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. Neither the Trustee nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it hereunder or in connection herewith except for its or their own negligence or willful misconduct. The Trustee may consult with legal counsel selected by it (the reasonable fees of which counsel shall be paid by the Borrower) and any action taken or suffered by it reasonably and in good faith in accordance with the opinion of such counsel shall be full justification and protection to it. The Trustee may at all times assume compliance with this Regulatory Agreement unless otherwise notified in writing by or on behalf of the Issuer, or unless it has actual knowledge of noncompliance.

After the date the Bonds no longer remain outstanding, the Trustee shall have no further rights, duties or responsibilities under this Regulatory Agreement, and all references to the Trustee in this Regulatory Agreement shall be deemed references to the Issuer.

Section 19. Recording and Filing. (a) The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County, and in such other places as the Issuer may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

(b) The Borrower 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 Borrower 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, whereby the Trustee Bondholder or its designee 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 and discharge of the Loan Agreement, the Borrower shall continue to pay the fees of the Issuer as provided in Section 7(a).

If the Borrower fails to make payment of the annual fee of the Issuer for a period of two consecutive years or more, 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,

The Borrower 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 Borrower or the Manager. The Borrower shall further 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 Borrower under this Regulatory Agreement to any person or entity, including, but not limited to, the Trustee or the Issuer and their successors and assigns, is limited to the Borrower's interest in the Project and the amounts held in the funds and accounts created under the Indenture, or any rights of the Borrower 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 Borrower 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 Borrower's obligations under this Regulatory Agreement), shall be rendered against the Borrower, the assets of the Borrower (other than the Borrower's interest in the Project, this Regulatory Agreement, amounts held in the funds and accounts created under the Indenture, any rights of the Borrower under the Loan Agreement or any other documents relating to the Bonds or any rights of the Borrower under any guarantees relating to the Project), its partners, 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 and the Loan Agreement or any agreement securing the obligations of the Borrower 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. Third-Party Beneficiaries. The Administrator, the Trustee, CDLAC and the San Diego Housing Commission are intended to be and shall each be a third-party beneficiary of this Regulatory Agreement. The Administrator shall have the right (but not the obligation) to enforce, separately or jointly with the Issuer and/or the Trustee, the terms of this Regulatory Agreement and to pursue an action for specific performance or other available remedy at law or in equity in accordance with Section 17 hereof. 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 any ~~owner of the Bonds~~ Bondholder.

Section 28. Property Management. The Borrower agrees that at all times the Project shall be managed by a property manager (i) approved by the Issuer in its reasonable discretion (it being acknowledged that the Issuer hereby approves ConAm Management Corporation as a property manager for the Project) 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 Borrower 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 Borrower agrees to cooperate with the Issuer in such reviews.

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 Borrower, the Bondholder and the Trustee requesting replacement of the Manager, which notice shall state clearly the reasons for such request. The Borrower agrees that, upon receipt of such notice, it shall within 60 days submit to the Issuer, with a copy to the Trustee and the Bondholder, a proposal to engage a new Manager meeting the requirements of this Section 28. The Issuer shall respond within 30 days to such proposal or such approval shall be deemed given. Upon receipt of such consent or deemed consent and the written consent of the Bondholder, the Borrower shall within 60 days terminate the existing Manager’s engagement and engage the new Manager. If such proposal is denied by the Issuer or the Bondholder, the Borrower agrees that upon receipt of notice of such denial, it shall within 60 days submit to the Issuer, with a copy to the Bondholder and the Trustee, a proposal to engage another new Manager meeting the requirements of this Section 28, subject to the Issuer’s and the Bondholder’s consent ~~or deemed consent~~ pursuant to the terms hereof.

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 Borrower hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 29, as follows:

(a) The Borrower shall comply with the CDLAC Resolution attached hereto as Exhibit E and the CDLAC Conditions set forth in Exhibit A of the CDLAC Resolution (the “CDLAC Conditions”), which conditions are incorporated herein by reference and made a part hereof. The Borrower will prepare and submit to the Administrator, on behalf of the Issuer:

(i) not later than February 1 of each year, until the construction of the Project is completed, and on February 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three year period) until the end of the Compliance Period, a Certificate of Compliance II for Qualified Residential Rental Projects, in substantially the form required or provided by CDLAC from time to time (“Certificate of Compliance”), executed by an Authorized Borrower Representative; with such Certificate of Compliance to be prepared pursuant to the terms of the CDLAC Conditions;

(ii) a certificate of completion, in substantially the form required or provided by CDLAC from time to time, executed by an Authorized Borrower Representative certifying among other things to the substantial completion of the construction of the Project; and

(iii) not later than February 1 every three years after the filing of a certificate of completion until the end of the Qualified Project Period, a California Tax Credit Allocation Committee Status Report or equivalent documentation, as

EXHIBIT E

CDLAC RESOLUTION

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Revised September 2, 2020

RESOLUTION NO. 20-069

A RESOLUTION TRANSFERRING A PORTION OF THE 2020 STATE CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

WHEREAS, the California Debt Limit Allocation Committee ("Committee") has received an application ("Application") from the Housing Authority of the City of San Diego ("Applicant") for the transfer to the Applicant of a portion of the 2020 State Ceiling on Qualified Private Activity Bonds under Section 146 of the Internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations ("Bonds") for a Project as specifically described in Exhibit A ("Project") (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Regulations of the Committee implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds); and

WHEREAS, the Project Sponsor has represented and the Applicant has confirmed in the Application certain facts and information concerning the Project; and

WHEREAS, in evaluating the Project and allocating a portion of the State Ceiling on Qualified Private Activity Bonds to the Applicant for the benefit of the Project, the Committee has relied upon the written facts and information represented in the Application by the Project Sponsor and the Applicant; and

WHEREAS, it is appropriate for the Committee to make a transfer of a portion of the 2020 State Ceiling on Qualified Private Activity Bonds ("Allocation") in order to benefit such Project described in the Application.

NOW, THEREFORE, the California Debt Limit Allocation Committee resolves as follows:

Section 1. There is hereby transferred to the Applicant an amount of the 2020 State Ceiling on Qualified Private Activity Bonds equal to **\$28,930,321**. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Exhibit A are hereafter referred to collectively as this "Resolution").

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds. The Project Sponsor and the Applicant, and all of their respective successors and assignees, will be bound by such terms and conditions. The Applicant shall monitor the Project for compliance with the terms and conditions of this Resolution. In addition, the Project shall be subject to the monitoring provisions of the California Code of Regulations, Title 4, Section 10337(c) and Section 5220 of the Committee's Regulations.

Section 3. Any modification to the Project made prior to the issuance of the Bonds that impacts the resolution must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Committee's Regulations, shall require reconsideration by the Committee before the Allocation may be used for the Project. After Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy. In addition, after bonds are issued, changes to Items #1, #6, #7, #10 thru #12, #14 thru #16, #18 thru #26, and #37 of the Exhibit A require Committee or Executive Director approval for the term of commitment; changes to item #2, #13, #17, #27, and #39 thru #41 of the Exhibit A cannot be altered; changes to Items #3 thru #5 of the Exhibit A require no Committee or Executive Director approval but any alterations must be reported to CDLAC staff for the affordability period; changes to Items #8 and #9 of the Exhibit A require no CDLAC notification; and changes to Items #28 thru #36 and #38 of the Exhibit A require Committee or Executive Director approval only prior to the Project being Placed in Service by the CA Tax Credit Allocation Committee (TCAC).

Section 4. Any material changes in the structure of the bond sale prior to the issuance of the Bonds and not previously approved by the Committee shall require approval of the Committee Chair or the Executive Director.

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Revised September 2, 2020

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Section 5. The transfer of proceeds from the sale of bonds to a project other than the Project subject to this Resolution is allowable only with the prior approval of the Executive Director in consultation with the Chair, except when the Project is unable to utilize any of its allocation and the Applicant is requesting the transfer of the entire Allocation to different project(s). In such case, prior approval of the Committee must be obtained. Any transfer made pursuant to this Section may only be made to another project of the same issuer that has been previously approved by the Committee.

Section 6. The Applicant is not authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Allocation to any governmental unit in the State other than the Committee.

Section 7. The Allocation transferred herein to the Applicant shall automatically revert to this Committee unless the Applicant has issued Bonds for the Project by the close of business on **October 27, 2020**. Upon the discretion of the Executive Director, the expiration may be extended pursuant to the provisions in Chapter 1, Article 8 of the Committee's Regulations. Please see section 14 for further provisions.

Section 8. Within twenty-four (24) hours of using the Allocation to issue Qualified Private Activity Bonds, the Applicant shall notify the Committee at CDLAC@treasurer.ca.gov that the Allocation has been used. This notice shall identify the Applicant, the Project or Program, the date the Allocation was used and the amount of Allocation used.

Section 9. Within fifteen (15) calendar days of the Bond closing, the Applicant or its counsel shall formally transmit to the Committee information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by the Committee.

Section 10. Any differences between the amount of Bonds issued and the amount of the Allocation granted in Section 1 of this Resolution shall automatically revert to the Committee. If at any time prior to the expiration date set forth in Section 7 hereof, the Applicant determines that part or all of the Allocation will not be used to issue Bonds by that date, the Applicant shall take prompt action by resolution of its governing Board or by action of its authorized officer to return such unused Allocation to the Committee.

Section 11. The staff of the Committee is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy of this Resolution in the Applicant's official records for the term of the Bonds under this Allocation or the term of the income and rental restrictions whichever is longer. The Committee staff is further directed to retain a copy of this Resolution in the files of the Committee (or any successor thereto) for the same period of time.

Section 12. In consideration of the Allocation transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Furthermore, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Committee through an action for specific performance or any other available remedy, provided however, that the Committee agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Committee is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 5. The transfer of proceeds from the sale of bonds to a project other than the Project subject to this Resolution is allowable only with the prior approval of the Executive Director in consultation with the Chair, except when the Project is unable to utilize any of its allocation and the Applicant is requesting the transfer of the entire Allocation to different project(s). In such case, prior approval of the Committee must be obtained. Any transfer made pursuant to this Section may only be made to another project of the same issuer that has been previously approved by the Committee.

Section 6. The Applicant is not authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Allocation to any governmental unit in the State other than the Committee.

Section 7. The Allocation transferred herein to the Applicant shall automatically revert to this Committee unless the Applicant has issued Bonds for the Project by the close of business on **October 27, 2020**. Upon the discretion of the Executive Director, the expiration may be extended pursuant to the provisions in Chapter 1, Article 8 of the Committee's Regulations. Please see section 14 for further provisions.

Section 8. Within twenty-four (24) hours of using the Allocation to issue Qualified Private Activity Bonds, the Applicant shall notify the Committee at CDLAC@treasurer.ca.gov that the Allocation has been used. This notice shall identify the Applicant, the Project or Program, the date the Allocation was used and the amount of Allocation used.

Section 9. Within fifteen (15) calendar days of the Bond closing, the Applicant or its counsel shall formally transmit to the Committee information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by the Committee.

Section 10. Any differences between the amount of Bonds issued and the amount of the Allocation granted in Section 1 of this Resolution shall automatically revert to the Committee. If at any time prior to the expiration date set forth in Section 7 hereof, the Applicant determines that part or all of the Allocation will not be used to issue Bonds by that date, the Applicant shall take prompt action by resolution of its governing Board or by action of its authorized officer to return such unused Allocation to the Committee.

Section 11. The staff of the Committee is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy of this Resolution in the Applicant's official records for the term of the Bonds under this Allocation or the term of the income and rental restrictions whichever is longer. The Committee staff is further directed to retain a copy of this Resolution in the files of the Committee (or any successor thereto) for the same period of time.

Section 12. In consideration of the Allocation transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Furthermore, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Committee through an action for specific performance or any other available remedy, provided however, that the Committee agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Committee is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 13. The Certification of Compliance II or equivalent form is to be submitted by the Project Sponsor to the Applicant by the Applicant's specified deadline, but no later than March 1st annually until the project's Certificate of Completion has been submitted to the Applicant. Following the submission of the Certificate of Completion or equivalent form to the Applicant, the Certification of Compliance II is to be submitted March 1st every three years thereafter. In addition, an Annual Applicant Public Benefits and On-going Compliance Self-Certification (Self Certification) form must be submitted by the Applicant online every year until the Certificate of Completion has been submitted to the Applicant. After the completion of the project has been reported, the Self Certification will be required to be submitted March 1st every three years thereafter pursuant to Section 5144 of the CDLAC Regulations. Verification to CDLAC of income and rental information is not required in advance of the submission of the Certificate of Completion. A copy of the Certification of Compliance II and the Certificate of Completion forms may be found at this website location: <http://www.treasurer.ca.gov/cdlac>. Failure to submit compliance may result in disqualification from future program participation.

Section 14. The applicant may return the allocation to the Committee without assesment of negative points or forfeiture of the performance deposit if the formal written notification is received by the Committee no later than **June 14, 2020** for this project.

Section 15. This Resolution shall take effect immediately upon its adoption.

* * *
CERTIFICATION

I, Genevieve V. Jopanda, Chief Deputy Treasurer, hereby certify that the above revisions have been incorporated into the previously approved Resolution adopted at a meeting of the Committee held in the Jesse Unruh Building, 915 Capitol Mall, Room 587, Sacramento, California 95814, on April 14, 2020 at 11:03am with the following votes recorded:

AYES: State Treasurer Fiona Ma, CPA
Gayle Miller for Governor Gavin Newsom
Anthony Sertich for State Controller Betty T. Yee

NOES: None
ABSTENTIONS: None
ABSENCES: None



Genevieve V. Jopanda, Chief Deputy Treasurer

Date: September 2, 2020

RESOLUTION NO. 20-069
Revised September 2, 2020
(QUALIFIED RESIDENTIAL RENTAL PROJECT)
EXHIBIT A

- 1. Applicant: Housing Authority of the City of San Diego
- 2. Application No.: 20-482
- 3. Project Sponsor: Ulric Street Housing Associates, LP (Ulric Street Housing Opportunities, LLC)
- 4. Property Management Co.: ConAm Management Corporation
- 5. Project Name: ULRIC Street Apartments
- 6. Type of Project: New Construction/Family
- 7. Location: San Diego, CA
- 8. Private Placement Purchaser: **US Bank** (Construction & Permanent)
 Cash Flow Bond: **Not Applicable**

All units identified in the CDLAC resolution, including both the Federally Bond-Restricted Units and the Other Restricted Units, will be incorporated into the Bond Regulatory Agreement. Assumptions to be included in the Bond Regulatory Agreement regarding the Other Restricted Units will include the AMI as outlined in the CDLAC resolution, a limitation that tenants pay no more than 30% of their income and 1.5 persons per bedroom occupancy standard to determine the applicable rent.

Not Applicable

- 9. Public Sale: **Not Applicable**
 Credit Enhancement Provider: **Not Applicable**
- 10. Total Number of Units: **95 plus 1** unrestricted manager unit(s)
- 11. Total Number of Restricted Rental Units: **95**
- 12. The term of the income and rental restrictions for the Project will be at least 55 years from the date 50% occupancy is achieved or when the project is otherwise placed in service.
- 13. The Regulatory Agreement shall not terminate prior to the end of the CDLAC Resolution affordability term in the event of foreclosure, exercise of power of sale, and/or transfer of title by deed in lieu of foreclosure in connection with a deed of trust directly or indirectly securing the repayment of Cash Flow Permanent Bonds.
- 14. The Project will utilize Gross Rents as defined in Section 5170 of the Committee's Regulations.
Applicable
- 15. Income and Rental Restrictions
 - a. Federally Bond-Restricted Set-aside Units:
 At least **40%** of the total units will be restricted at 60% of the Area Median Income.
 - b. Other Restricted Units
 For the entire term of the income and rental restrictions, the Project will have:

 At least **84** Qualified Residential units rented or held vacant for rental for persons or families whose income is at or below 50% of the Area Median Income.

 At least **11** Qualified Residential units rented or held vacant for rental for persons or families whose income is at or below 60% of the Area Median Income.

RESOLUTION NO. 20-069

Exhibit A

Revised September 2, 2020

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16. **10%** of the units will be restricted to households with incomes no greater than **50%** of the Area Median Income in accordance with Section 5191 of the Committee's Regulations. These units will be distributed as follows:

Applicable

| | |
|----------------|----------|
| Studios: | 1 |
| One-bedroom: | 2 |
| Two-bedroom: | 4 |
| Three-bedroom: | 3 |
| Four-bedroom: | 0 |
| Five-bedroom | 0 |

17. For acquisition and rehabilitation projects, a minimum of \$15,000 in hard construction costs will be expended for each Project unit.

Not Applicable

18. A minimum of \$14,000,000 of public funds will be expended for the Project.

Applicable

19. At a minimum, the financing for the Project shall include a Taxable Tail in the amount of \$3,983,141. Taxable debt may only be utilized for Project related expenses, not for the cost of issuance, for which the Project Sponsor could otherwise have used tax-exempt financing.

Applicable

20. If the Project received points for having large family restricted units for the entire term of the income and rental restrictions, the Project will have at least 29 three-bedroom or larger restricted units.

Applicable

21. For a period of fifteen (15) years after the Project is placed in use, the Project will provide to Project residents high-speed Internet or wireless (WiFi) service in each Project unit.

Not Applicable

22. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents an after school program of an ongoing nature on-site or there must be an after school program available to Project residents within 1/2 mile of the Project or except where Project will provide no cost round trip transportation. The programs shall include, but are not limited to: tutoring, mentoring, homework club, art, and recreation activities to be provided weekdays throughout the school year for at least ten (10) hours per week.

Not Applicable

23. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents instructor-led educational, health and wellness, or skill building classes. The classes shall include, but are not limited to: financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation & preparation, and smoking cessation. Classes shall be provided at a minimum of 84 hours per year (drop-in computer labs, monitoring and technical assistance shall not qualify) and be located within 1/2 mile of the Project or except where Project will provide no-cost round trip transportation.

Applicable

24. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents 20 hours or more per week of licensed childcare on-site or there must be 20 hours or more per week of licensed childcare available to Project residents within 1/2 mile of the Project or except where Project will provide no cost round trip transportation.

Not Applicable

RESOLUTION NO. 20-069

Exhibit A

Revised September 2, 2020

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40. As specified in Section 5144(c) of the Committee's Regulations, compliance with the income and rental requirements of the Federally Bond-Restricted Units identified in the Committee Resolution and the Bond Regulatory Agreement must be demonstrated by the Applicants initial review of 20% of all management files associated with the Federally Bond-Restricted units and subsequent review every three years of 20% of all management files associated with the Federally Bond-Restricted units.

Applicable

41. As specified in Section 5144(d) of the Committee's Regulations, applicants are required to ensure an onsite inspection as well as an on-site review of the 20% Federally Bond-Restricted units is performed every 3 years after the Qualified Project Period has commenced.

The following entity will conduct the site and file inspections:

Not Applicable