



REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: January 28, 2021

REPORT NO: HAR21-003

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of February 22, 2021

SUBJECT: Final Bond Authorization for Grant Heights II

COUNCIL DISTRICTS: 8 and 9

REQUESTED ACTION

Authorize the issuance of Housing Authority of the City of San Diego Multifamily Housing Revenue tax-exempt and taxable bonds to fund Grant Heights II L.P.’s acquisition with rehabilitation of two separate apartment developments that are being combined into a single 42-unit affordable rental housing development called Grant Heights II, composed of Grant Heights Apartments, located at 2651-2663 J Street, and Winona Apartments, located at 3845 Winona Avenue, San Diego, with 41 units that will remain affordable for 55 years, and one manager’s unit.

STAFF RECOMMENDATION

That the Housing Authority of the City of San Diego (Housing Authority) authorize the issuance of up to \$8,815,000 in tax-exempt Multifamily Housing Revenue notes to facilitate Grant Heights II L.P.’s acquisition and rehabilitation of Grant Heights II, a 42-unit affordable rental housing development composed of Grant Heights Apartments (Grant Heights), located at 2651-2663 J Street, and Winona Apartments (Winona), located at 3845 Winona Avenue, San Diego, with 41 units that will remain affordable for 55 years, and one manager’s unit. Authorize the issuance of up to \$150,000 in taxable Multifamily Housing Revenue notes, for the Grant Heights II L.P.’s construction financing for Grant Heights II.

SUMMARY

A Development Summary is at Attachment 1.

Table 1 - Development Details

Addresses	Grant Heights: 2651-2663 J Street, San Diego Winona: 3845 Winona Avenue, San Diego
Council Districts	Grant Heights: 8 Winona: 9
Community Plan Areas	Grant Heights: Southeastern San Diego Community Plan and Grant Hill Historic District (Grant Hill neighborhood). Winona: Mid-City Communities Plan (City Heights neighborhood).
Co-developers	Urban League of San Diego County (Urban League) and San Diego Community Housing Corporation (SDCHC)
Development Type	Acquisition with rehabilitation.
Construction Type	Type V

Parking Type (42 spaces total)	Grant Heights: 28 parking surface spaces Winona: 14 parking spaces (two surface and 12 tuck-under garage spaces)
Housing Type	Multifamily
Lot Sizes	Grant Heights: .58 acres, 25,265 square feet Winona: .31 acres, 13,504 square feet
Units (42-units total)	Grant Heights: 27 units affordable, plus one manager's unit Winona: 14 units affordable, no manager's unit
Density	Grant Heights: 48.3 dwelling units per acre (28 units ÷ .58 acres). Winona: 24.1 dwelling units per acre (14 units ÷ .31 acres).
Affordable Unit Mix	Grant Heights: 10 one-bedroom units (545 to 617 sq. ft.), 17 two-bedroom units (741 to 743 sq. ft.), and one manager's unit. Winona: 9 one-bedroom units (533 sq. ft.), 4 two-bedroom units (693 to 939 sq. ft.), 1 three-bedroom unit (936 sq. ft.), and no manager's unit.
Gross Building Area (28,422 sq. ft. total)	Grant Heights: 19,496 square feet Winona: 8,926 square feet
Net Rentable Area (27,397 sq. ft. total)	Grant Heights: 18,646 square feet Winona: 8,751 square feet

Background

Grant Heights Apartments was constructed in 1973 and was renovated in 2002 using tax credit funds and San Diego Housing Commission (Housing Commission) funds. It consists of 28 apartments in two two-story and two three-story walkup buildings, on approximately .58 acres. It is located south of Market Street, north of Imperial Avenue, near 30th Street in downtown San Diego. In February 2002, the Housing Commission provided an \$867,279 residual receipts. 55-year subordinate loan to UHGH L.P., an affiliate of Urban League, with affordability restrictions that will remain in effect until 2057. The Grant Heights units are encumbered/benefited by a Section 8 Housing Assistance Payment contract with the U.S. Department of Housing and Urban Development (HUD).

Winona Apartments was constructed in 1986. It consists of 14 apartments in two two-story and two three-story walkup buildings on approximately .31 acres. It is located north of El Cajon Boulevard, east of Fairmount Avenue, near Euclid Avenue in the City Heights neighborhood. In July 1997, the Housing Commission provided a \$181,753 residual receipts subordinate loan to SDCHC, with 55 years of affordability restrictions. In July 2005, SDCHC fully paid off the Housing Commission's loan. The Housing Commission's original loan affordability restrictions remain in effect until July 18, 2052.

On September 6, 2019, the Housing Commission (Report No. HCR19-103) approval for Grant Heights and Winona included a proposed ownership transfer from the current owners/borrowers to a new limited partnership, Grant Heights II L.P., and a proposed transfer of the Housing Commission's existing loans, loan agreements, and their related Covenants, Conditions, and Restrictions to Grant Heights II L.P.

On September 6, 2019, and on October 1, 2019, the Housing Commission (HCR19-103) and the Housing Authority (HAR19-039; Resolution No. HA-1834) respectively, approved taking certain preliminary steps to authorize the issuance of up to \$9,000,000 of tax-exempt Multifamily Housing Revenue Bonds to finance the acquisition with rehabilitation of Grant Heights II. On September 17, 2020, the California Debt Limit Allocation Committee (CDLAC) approved an \$8,815,000 allocation to

issue tax-exempt bonds or other obligations for Grant Heights II. On September 16, 2020, the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation for Grant Heights II.

The Developments

Grant Heights is an existing 28-unit family rental complex located at 2651-2663 J Street. Winona is an existing 14-unit family rental complex located at 3845 Winona Avenue. The two properties are located approximately five miles apart (Attachment 2 - Site Maps). SDCHC and Urban League have formed a strategic alliance to combine the ownership of these two existing rental properties into a single new limited partnership called Grant Heights II L.P.

The Properties

Grant Heights is owned by UHGH L.P. (Urban League is the controlling general partner of UHGH L.P.). These apartments are a mix of one- and two-bedroom units, with a community building and two laundry rooms. It is a wood-frame construction on a concrete slab with exterior painted stucco. Adjacent to the development to the north, south and east are residential uses. Grant Hill Neighborhood Park is nearby to the east. Directly to the west is the Kimbrough Elementary School. The 32nd & Commercial trolley station is approximately one mile away.

Winona is owned by SDCHC. These apartments are a mix of one-, two- and three- bedroom units, with a laundry room. It is a wood-frame construction on a concrete slab with exterior painted stucco. Adjacent to the development's north and south are single-family residential uses. To the east are multifamily residential uses. To the west are single-family and multifamily residential uses.

Building Conditions/Proposed Rehabilitation Work

Both of the Grant Heights II apartment developments are in need of substantial rehabilitation to address immediate and long term capital needs. Many of the buildings' improvements have reached or are approaching the end of their useful life. The scope of the proposed rehabilitation includes: plumbing water line repairs and replacement of water supply lines on ground floor units at Winona; replacement of water supply lines at Grant Heights, replace water heaters, installation of carbon monoxide detectors in all units and smoke detectors in all unit bedrooms, replacement of carpet and vinyl flooring in units, replacement of refrigerators and oven/ranges, replacement kitchen and bath cabinets and countertops, shower surrounds, replacement of the stairs at Grant Heights, repairs to pavement and parking areas, improvements to landscaping, upgrades to the accessibility and path of travel, increased Americans with Disabilities Act of 1990 (ADA) accessible parking to three spaces plus providing ADA-conforming slope, dimensions, and signage, refurbishing laundry room and maintenance room interiors, providing accessibility to laundry room and to the leasing office, relocating trash enclosures, repairs to the foundation and to walls, repairs to fencing, repairs to facades and building envelope: stucco repairs, dry rot replacements, windows replacements, sliding door replacement, utility room door repairs, repair and/or replacement of roof and roof drainage systems.

Prevailing Wages

Prevailing wages are not applicable because neither federal nor state funds will be utilized.

Relocation

The co-developers do not anticipate any permanent relocation of tenants. However, rehabilitation work will necessitate that the tenants may need to be temporarily relocated while work is taking place

in their unit. Relocation will comply with the Federal Uniform Relocation Act. Overland Pacific & Cutler Inc. will be the relocation consultant. The co-developers' pro forma budgets \$135,000 for temporary relocation.

Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units, with an additional 4 percent of the units accessible to residents with visual and/or hearing impairment.

Project Sustainability

The Grant Heights II combined development will be rehabilitated in conformance with CTCAC's minimum energy efficiency standards for rehabilitation projects, which require demonstrating at least 10 percent post-rehabilitation improvement in energy efficiency over existing conditions. There will be substantial energy saving measures for interior/exterior lighting, hot water systems, and Energy Star appliances. Grant Heights II will include a photovoltaic system to reduce the amount of energy consumption to illuminate common areas.

Development Team

Both SDCHC and Urban League are 501(c)(3) nonprofits. Urban League was founded in 1953. Its focus includes: employment, on-the-job training, youth education, housing counseling, health outreach for the elderly, and workforce re-entry. It develops, preserves and maintains affordable housing. SDCHC was founded in 1994. It is dedicated to developing affordable housing that offers services designed to assist residents in achieving upward economic mobility. SDCHC's mission is to increase, preserve and improve quality affordable housing opportunities for working families in San Diego. In addition to Winona, SDCHC currently owns and operates apartments that utilized Housing Commission loans, including the 51-unit Hacienda Townhomes and the four-unit Oceanview Apartments.

During the tax-credit compliance period, the Grant Heights II project will be owned by a Grant Heights II L.P. An organizational chart is at Attachment 3.

Table 2 - Development Team Summary

ROLE	FIRM/CONTACT
Owner/Borrower	Grant Heights II L.P.
General Partners (.01 percent)	Urban League and SDCHC
Tax Credit Investor/Limited Partner (99.99 percent)	Red Stone Equity Partners
Developers	Urban League and SDCHC
Architect	Basis Architecture & Consulting
Property Management	Solari Enterprises Inc.
General Contractor	MFRG ICON
Relocation Consultant	Overland Pacific & Cutler Inc.
Construction/Permanent Lender	California Bank & Trust

Property Management

Grant Heights II will be managed by Solari Enterprises Inc. (Solari). Solari is a full-service property management organization specializing in multifamily affordable housing. It is headquartered in Orange,

California. It has over 40 years of experience, including housing for families, seniors, persons with special needs, households experiencing homelessness, veterans and single-room occupancy.

FINANCING STRUCTURE

Grant Heights II has an estimated total development cost of \$17,968,471 (\$427,821 per unit). Financing will include a combination of sources as described in Table 3. The co-developers’ pro forma is included as Attachment 4.

Table 3 – Estimated Permanent Sources and Uses

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent loan: a) Tax-exempt Multifamily Housing Revenue Note; b) Taxable Debt/Note	\$4,786,000 150,000	Acquisition: Building \$8,980,000 Land + 810,000 Total acquisition \$9,790,000	\$9,790,000	\$233,095
Housing Commission (SDHC): Carryback loan on original financing; Accrued deferred interest (SDHC)	1,337,280 24,071	Construction costs \$3,387,327 Contingency + 300,732 Total construction \$3,688,059	3,688,059	87,811
Seller note (Urban League) Accrued deferred interest	5,459,694 98,274	Financing costs	1,067,796	25,424
General partners transferred reserves	175,000	Reserves	252,000	6,000
4 percent tax credits equity	5,938,152	Other soft costs	1,110,494	26,441
		Developer fee	1,862,113	44,336
		Permits & Fees	63,009	1,500
		Relocation costs	135,000	3,214
Total Development Cost	\$17,968,471	Total Development Cost (TDC)	\$17,968,471	\$427,821

Developer Fee

\$1,862,113 – Gross developer fee

On April 25, 2017, the Housing Authority approved the “Request for Approval of Updated Developer Fees” (Report No. HAR17-011). That report approved certain developer fee guidelines for multifamily loans and bond [or debt/note obligation] 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 “Request for Approval of Updated Developer Fees” (Report No. HAR17-011) 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 real estate industry professionals and affordable housing developers.

Table 4 - Key Performance Indicators

Development Cost Per Unit	\$17,968,471 ÷ 42 units =	\$427,821
Housing Commission Subsidy Per Unit	\$1,337,280 ÷ 42 units =	\$31,769
Acquisition/Land Cost Per Unit	\$9,790,000 ÷ 42 units =	\$233,095
Gross Building Square Foot Hard Cost (combined for two sites)	\$3,688,059 ÷ 28,422 sq. ft. =	\$130

Net Rentable Square Foot Hard Cost (combined for two sites)	\$3,688,059 ÷ 27,397 sq. ft. =	\$135
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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 size, target population, and rehabilitation/construction type and are provided as a comparison to the proposed Grant Heights II combined development.

Table 5 - Comparable Development Projects

New Construction Project Name	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject – Grant Heights II	2021	42	\$17,968,471 (no prevailing wage)	\$427,821	\$31,769	\$130
West Park	2018	47	\$15,593,274 (prevailing wage)	\$331,772	\$76,453	\$457
New Palace	2017	80	\$21,804,349 (prevailing wage)	\$272,555	\$38,750	\$230
Zephyr	2017	85	\$27,225,500 (prevailing wage)	\$320,300	\$35,294	\$180

TAX-EXEMPT MULTIFAMILY HOUSING REVENUE DEBT OBLIGATION NOTES

Proposed Housing Notes

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 tax-exempt debt is limited under the U.S. Internal Revenue Code. To issue tax-exempt debt for a Multifamily Housing development, the Housing Authority must first submit an application to CDLAC for an 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 inducement resolution must be obtained prior to application submittal, and a City Council Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and approving resolution must be secured no later than 30 days after application submittal. On October 1, 2019, these preliminary actions were completed for Grant Heights II.

On July 16, 2020, an application was submitted to CDLAC for an \$8,815,000 tax-exempt Multifamily Housing Revenue debt allocation. On September 16, 2020, CDLAC approved an \$8,815,000 tax-

exempt allocation. On July 16, 2020, an application was submitted to CTCAC for 4 percent tax credits. CTCAC approved a tax credit allocation on September 16, 2020. The developer proposes that the tax-exempt debt be issued as a private placement basis, with two loan series: an aggregate amount up to \$8,815,000 as series 2021 A-1 tax-exempt loan for construction/permanent financing and an up to \$150,000 series 2021 A-2 taxable loan for construction financing. The debt obligations 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 disclosure.

The tax-exempt debt amount that will ultimately be incurred will be based upon development costs, revenues and interest rates prevailing at the time of the issuance. The loan 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 Debt Authorization

The tax-exempt debt, in the form of a loan, will be sold through a private placement, purchased directly by California Bank & Trust (CBT). CBT is a "qualified institutional buyer" within the meaning of the U.S. securities laws. At closing, CBT will sign an "Investor's Letter" certifying, among other things, that it is originating the loan for its own account and not for public distribution. Because the loan is being originated through a private placement, an Official Statement (typically used to market tax-exempt bonds to bond buyers) will not be used. In addition, the loan will be neither subject to continuing disclosure requirements, nor credit enhanced, nor rated. Under the private placement structure for this transaction, CBT will make a loan to the Housing Authority pursuant to the terms of a Funding Loan Agreement among CBT, the Housing Authority, and Bank of New York Mellon (Fiscal Agent). The loan made by CBT to the Housing Authority (Funding Loan) will be evidenced by a note, which will obligate the Housing Authority to pay CBT the amounts it receives from the Borrower, as described below. The Housing Authority and the Borrower will enter into a Borrower Loan Agreement pursuant to which the proceeds of the Funding Loan will be advanced to the Borrower. In return, the Borrower agrees to pay the Fiscal Agent amounts sufficient for the Fiscal Agent to make payments on the note evidencing the loan from CBT to the Housing Authority. The Housing Authority's obligation to make payments on the note is limited to amounts the Fiscal Agent receives from the Borrower under the Borrower Loan Agreement, and no other funds of the Housing Authority are pledged to make payments on the note. The transfer of the note to any subsequent purchaser will comply with Housing Commission's "Bond Issuance and Post-Issuance Compliance Policy" (policy number PO300.301). Moreover, any subsequent note holder will be required to represent to the Housing Authority that it is a qualified institutional buyer or accredited investor who is buying the note for investment purposes and not for resale, and it has made due investigation of any material information necessary in connection with the purchase of the note.

The following documents will be executed on behalf of the Housing Authority with respect to the note: 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 note will be issued pursuant to the Funding Loan Agreement. Based upon instructions contained in the Funding Loan Agreement and the Borrower Loan Agreement, CBT will

disburse the note proceeds for eligible costs and will, pursuant to an assignment from the Housing Authority, receive payments from the Borrower. The Borrower Loan Agreement sets out the terms of repayment and the security for the loan made by the Housing Authority to the Borrower, and the Housing Authority assigns its rights to receive repayments under the loan to CBT. The Regulatory Agreement will be recorded against the property in order to ensure the long-term use of the project as affordable housing. The Regulatory Agreement will also ensure that the project complies with all applicable federal and state laws that govern the rental of the units in the project. An Assignment of Deed of Trust and other loan documents will assign the Housing Authority’s rights and responsibilities with respect to the loan to the Borrower as the issuer to CBT. It will be signed by the Housing Authority for the benefit of CBT. Rights and responsibilities that are assigned to CBT 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 related requirements. These rights will be used by CBT to protect its financial interests as the note holder.

TEFRA

For interest on multifamily housing revenue debt obligations to be tax-exempt, the Internal Revenue Service (IRS) requires holding a City Council TEFRA public hearing to allow interested persons to express their views on the financing of the project and to have elected representatives approve the borrowing. The City Council TEFRA hearing must occur not earlier than one year prior to the date of tax-exempt debt issuance. The previous City Council TEFRA hearing and approval for the Grant Heights II project occurred on October 1, 2019. The co-developers expect the tax-exempt debt will be issued in February 2021, which is beyond the one-year IRS TEFRA approval window. Consequently, an additional TEFRA hearing by the City Council is needed to meet IRS requirements and for the interest on the multifamily housing revenue note to be tax-exempt. The co-developers are requesting another TEFRA hearing prior to the tax-exempt debt issuance.

Financial Advisor’s Recommendation

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

AFFORDABLE HOUSING IMPACT

The Grant Heights II development will be subject to a Housing Commission Declaration of Covenants and Restrictions, in addition to applicable tax credit and debt obligation regulatory agreements, which will restrict affordability of 41 units for 55 years. As shown in Table 6 (below) the development’s 41 units will be affordable to tenants with income levels ranging from 45 percent of San Diego Area Median Income (AMI) (estimated at \$42,600/year for a one-bedroom, two-person household), to 50 percent of AMI (\$57,750/year for a three-bedroom, four-person household).

Table 6 – Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
Grant Heights: 1-bedroom, 1 bath (550 square feet)	45%	6	\$974
Grant Heights: 2-bedrooms, 1 bath (721-743 square feet)	45%	7	\$1,170
Subtotal 45% AMI Units	--	13	--
Grant Heights: 1-bedroom, 1 bath (545-617 square feet)	50%	4	\$1,083
Grant Heights: 2-bedrooms, 1 bath (721-743 square feet)	50%	10	\$1,300

Winona: 1-bedroom, 1 bath (553 square feet)	50%	9	\$1,083
Winona: 2-bedrooms, 1 bath (693-939 square feet)	50%	4	\$1,300
Winona 3-bedrooms, 1 ½ baths (936 square feet)	50%	1	\$1,501
Subtotal 50% AMI Units	--	28	--
2-bedroom Manager's Unit (721 square feet)	-	1	--
Total Units		42	

The rent and occupancy restrictions required by the Housing Commission and by the 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

No Housing Commission new direct cash loan funds are proposed with this report's actions.

Estimated funding sources:

- Tax-Exempt Debt Issuance Fee - \$22,038 (.0025 debt issuer fee x \$8,815,000)
- Taxable Debt Issuance Fee - \$375 (.0025 debt issuer fee x \$150,000)
- Total Estimated Debt Issuance Fee: \$22,413

Estimated funding uses:

- Program Administration - \$22,413

There are no fiscal impacts to the Housing Commission, or to the City of San Diego, or to the Housing Authority associated with the requested private activity debt actions. The proposed tax-exempt debt obligation and taxable debt obligation will not constitute a debt of the City of San Diego. If the debt obligations are ultimately issued for the project, then such debt obligations will not financially obligate the City, the Housing Authority, or the Housing Commission because security for the repayment of the debt obligations 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 debt obligations. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's Bond Counsel and Financial Advisor fees. Additionally the developer is responsible for payment of the Housing Commission's .0025 debt amount issuer fee and the Housing Commission's annual administrative fee on the outstanding debt amount at permanent financing conversion.

Development Schedule

The estimated development timeline is as follows:

Milestones	Estimated Dates
<ul style="list-style-type: none"> • Housing Authority consideration of debt authorization • City Council to hold an IRS-required TEFRA hearing • Estimated debt issuance and escrow closing • Estimated start of construction work • Estimated completion of construction work 	<ul style="list-style-type: none"> • February 23 2021 • February 23 2021 • March 2021 • March 2021 • December 2021

STATEMENT FOR PUBLIC DISCLOSURE

The co-developers Statements for Public Disclosure are at Attachments 7 and 8.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On October 7, 2019, SDCHC made a Grant Heights II informational presentation to the City Heights Area Planning Committee (CHAPC). The CHAPC did not vote, but they requested that street trees be added to the project if possible. On October 14, 2019, the co-developers made a Grant Heights II informational presentations to the Southeastern San Diego Planning Group.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Urban League and SDCHC as the co-developers, residents of the Grant Heights Apartments and the Winona Apartments, the Southeastern San Diego community, the Mid-City community, and the Housing Commission as a lender. The property rehabilitation is expected to have a positive impact on the community because it will preserve and improve existing affordable housing.

ENVIRONMENTAL REVIEW

On August 23, 2019, the City of San Diego made the following environmental determination pursuant to the California Environmental Quality Act (CEQA). The City of San Diego conducted an environmental review that determined the project would not have the potential for causing a significant effect on the environment pursuant to State CEQA Guidelines Section 15301 (Existing Facilities), which allows the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use; and Section 15302 (Replacement or Reconstruction), which allows the replacement or reconstruction of existing structures and facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced. The exceptions listed in CEQA Section 15300.2 would not apply in that no cumulative impacts were identified; no significant effects on the environment were identified; the project is not adjacent to a scenic highway; no historical resources would be affected by the action; and the project was not identified on a list of hazardous waste sites pursuant to Section 65962.5 of the Government Code.

Respectfully submitted,



Colin
Vice President Multifamily Housing Finance
Real Estate Division

Approved by,



Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

- Attachments: 1) Development Summary
2) Site Maps
3) Organization Chart
4) Co-developers' Project Pro Forma
5) Multifamily Housing Revenue Bond Program

- 6) Financial Advisor's Analysis
- 7) Developer's Disclosure Statement: Urban League
- 8) Developer's Disclosure Statement: SDCHC

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

Addresses	Grant Heights: 2651-2663 J Street, San Diego Winona: 3845 Winona Avenue, San Diego
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Construction Type	Type V
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Gross Building Area (28,422 sq. ft. total)	Grant Heights: 19,496 square feet Winona: 8,926 square feet
Net Rentable Area (27,397 sq. ft. total)	Grant Heights: 18,646 square feet Winona: 8,751 square feet

Table 2 - Development Team Summary

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Property Management	Solari Enterprises Inc.
General Contractor	MFRG ICON
Relocation Consultant	Overland Pacific & Cutler Inc.
Construction/Permanent Lender	California Bank & Trust

Table 3 – Estimated Permanent Sources and Uses

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Permanent loan: a) Tax-exempt Multifamily Housing Revenue Note; b) Taxable Debt/Note	\$4,786,000 150,000	Acquisition: Building \$8,980,000 Land + 810,000 Total acquisition \$9,790,000	\$9,790,000	\$233,095
Housing Commission (SDHC): Carryback loan on original financing; Accrued deferred interest (SDHC)	1,337,280 24,071	Construction costs \$3,007,322 Contingency + 300,732 Total construction \$3,308,054	3,308,054	78,763
Seller note (Urban League) Accrued deferred interest	5,459,694 98,274	Financing costs	1,067,796	25,424
General partners transferred reserves	175,000	Reserves	632,000	15,048
4 percent tax credits equity	5,938,152	Other soft costs	730,500	17,393
		Developer fee	1,862,113	44,336
		Permits & Fees	63,000	1,500
		Relocation costs	135,000	3,214
Total Development Cost	\$17,968,471	Total Development Cost (TDC)	\$17,968,471	\$427,821

Table 4 - Key Performance Indicators

Development Cost Per Unit	\$17,968,471 ÷ 42 units =	\$427,821
Housing Commission Subsidy Per Unit	\$1,337,280 ÷ 42 units =	\$31,769
Acquisition/Land Cost Per Unit	\$9,790,000 ÷ 42 units =	\$233,095
Gross Building Square Foot Hard Cost (combined for two sites)	\$3,308,054 ÷ 28,422 sq. ft. =	\$116
Net Rentable Square Foot Hard Cost (combined for two sites)	\$3,308,054 ÷ 27,397 sq. ft. =	\$121

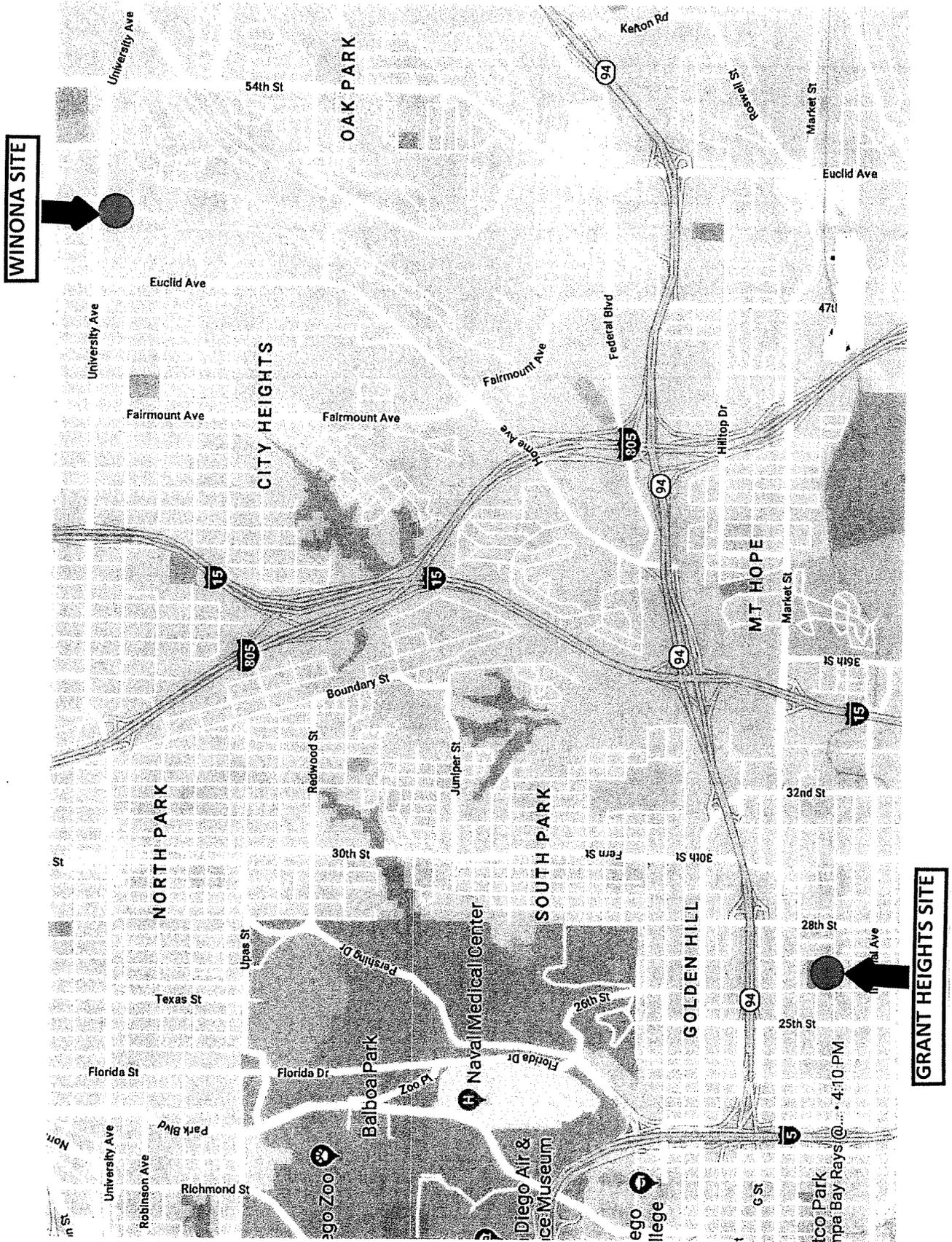
Table 5 - Comparable Development Projects

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 – Grant Heights II	2021	19 ones, 21 twos, 1 three, + 1 manager	42	\$17,968,471 (no prevailing wage)	\$427,821	\$31,769	\$116
Harbor View	2018	24 twos, 35 threes, + 1 manager	60	\$12,096,464 (no prev. wage)	\$201,608	\$0	\$39
Parkside	2018	5 ones, 29 twos, 5 threes, + 1 manager	40	\$10,668,798 (no prev. wage)	\$266,720	\$48,556	\$97
Casa Puleta	2017	11 twos, 26 threes, 16 fours, + 1 manager	54	\$10,797,804 (no prev. wage)	\$328,691	\$0	\$28

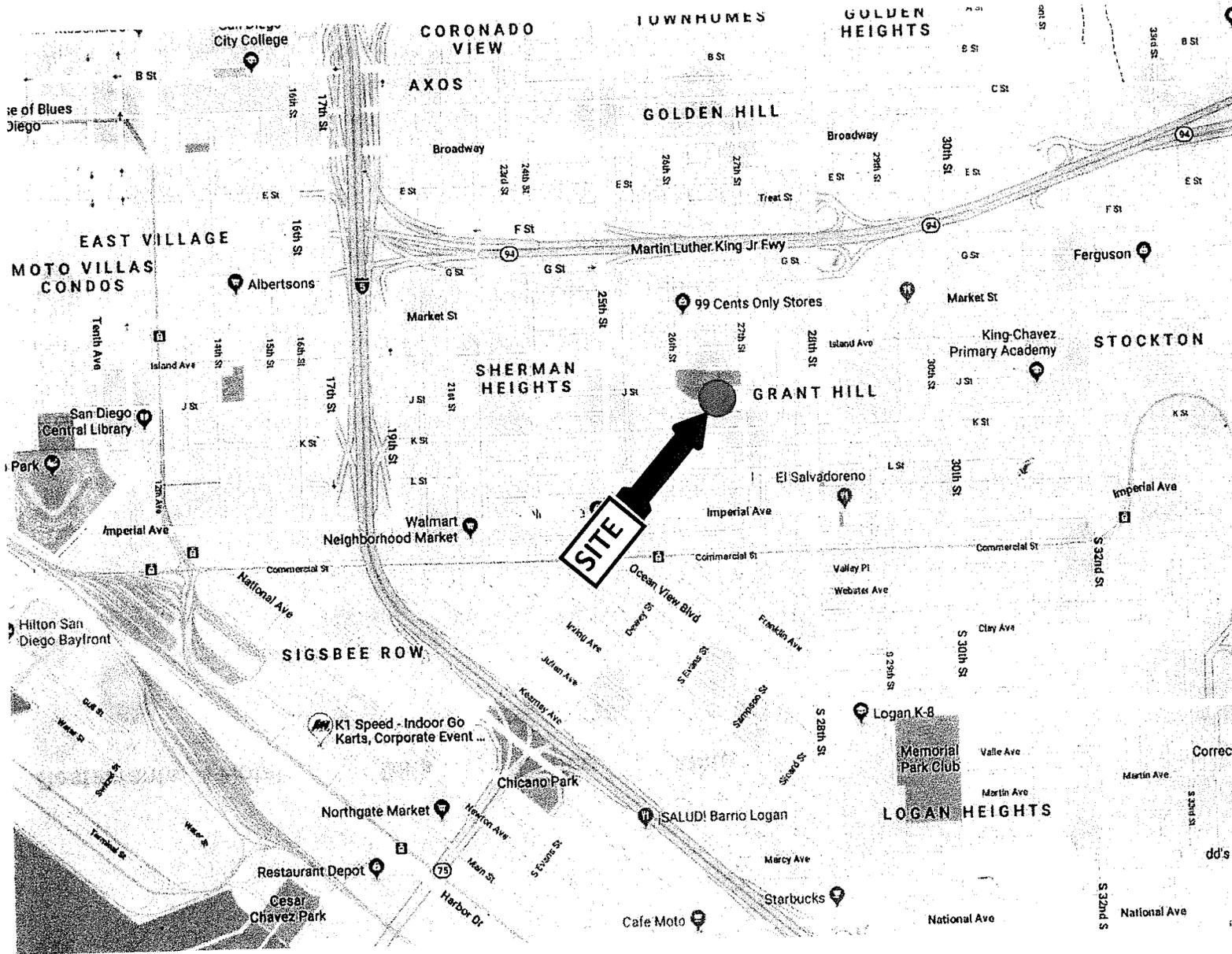
Table 6 – Affordability & Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
Grant Heights: 1-bedroom, 1 bath (550 square feet)	45%	6	\$974
Grant Heights: 2-bedrooms, 1 bath (721-743 square feet)	45%	7	\$1,170
Subtotal 45% AMI Units	--	13	--
Grant Heights: 1-bedroom, 1 bath (545-617 square feet)	50%	4	\$1,083
Grant Heights: 2-bedrooms, 1 bath (721-743 square feet)	50%	10	\$1,300
Winona: 1-bedroom, 1 bath (553 square feet)	50%	9	\$1,083
Winona: 2-bedrooms, 1 bath (693-939 square feet)	50%	4	\$1,300
Winona 3-bedrooms, 1 ½ baths (936 square feet)	50%	1	\$1,501
Subtotal 50% AMI Units	--	28	--
2-bedroom Manager's Unit (721 square feet)	-	1	--
Total Units		42	

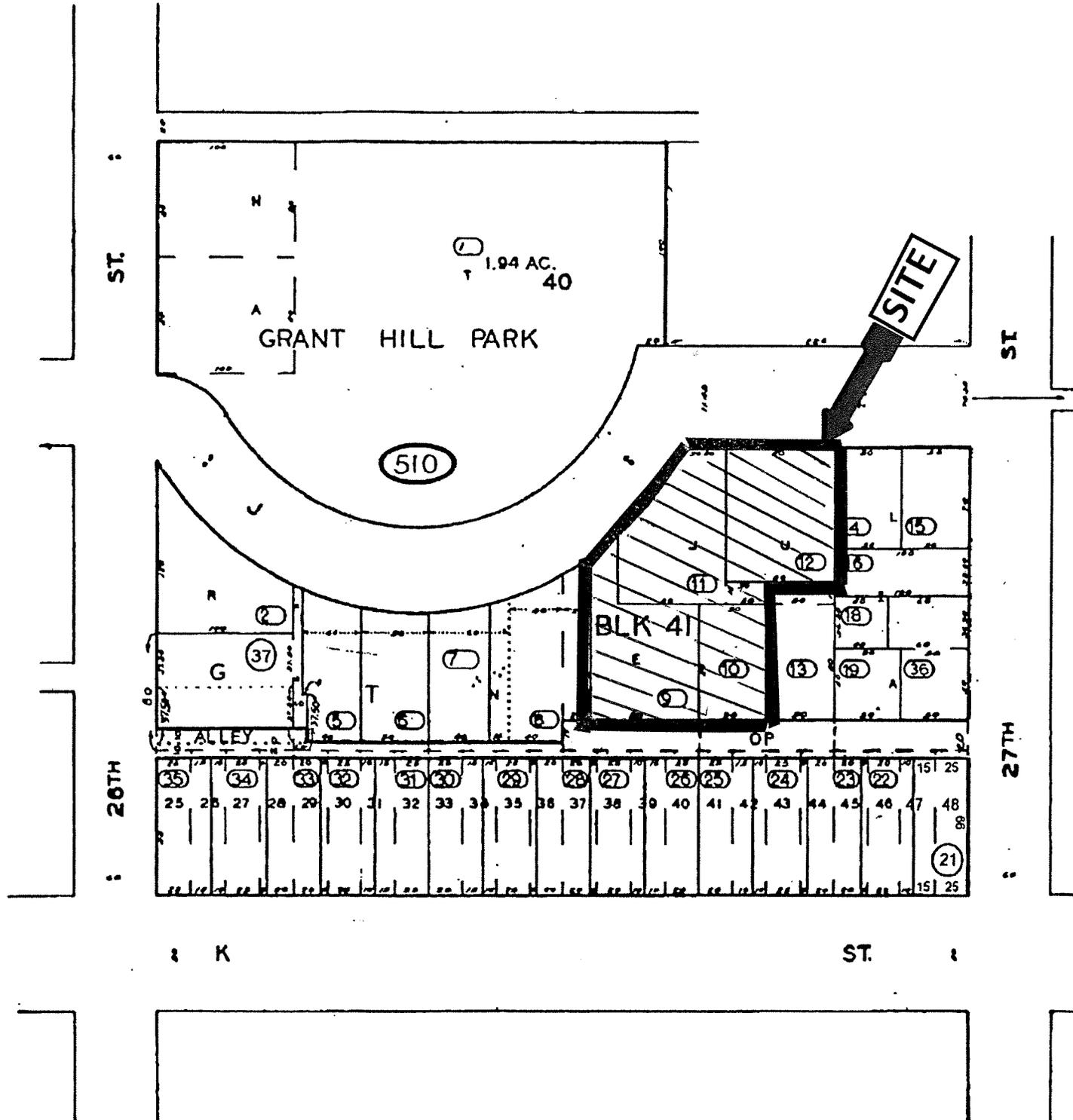
ATTACHMENT 2A – BOTH SITES MAP



ATTACHMENT 2B – GRANT HEIGHTS MAPS



ATTACHMENT 2B – GRANT HEIGHTS MAPS continued



ATTACHMENT 2C – WINONA MAPS



ATTACHMENT 3 - Organizational Chart for Grant Heights II



Grant Heights II

Prepared For: San Diego Community Housing Corp
 Prepared By: California Housing Partnership Corporation
 Version: 6.03 Closing
 Revised: January 5, 2021
 Notes: Assume 4% fixed rate

ATTACHMENT 4 - CO-DEVELOPERS' PROJECT PRO FORMA

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SOURCES OF FUNDS

PAGE 1

PERMANENT

	AMOUNT	TOTAL INT COST	OID INT RATE	AMORT TERM (Yr)	COMMENTS
Tax-Exempt Permanent Loan	4,786,000	3.35%		35	18 year term / 35 year amortization
Taxable Permanent Loan	150,000	3.85%		35	18 year term / 35 year amortization
San Diego Housing Commission Loan (Assumed)	1,337,280	1.35%	1.35%	55	Jan 2021 AFR
Accrued/Deferred Interest	24,071				
Urban League Seller Note (Recourse)	5,459,694	1.35%	1.35%	55	Jan 2021 AFR
Accrued/Deferred Interest	98,274				
Capital Contributions					
General Partners (Transferred Reserves)	175,000				Federal Credit Pricing (Gross):
Limited Partner (LIHTC)	5,938,152				Credit Rate (Fixed):
					\$0.860
					4.00%
TOTAL SOURCES	17,968,471				
Surplus/(Shortfall)	0				

CONSTRUCTION

	AMOUNT	INT RATE	TERM (Mo.)	
Tax-Exempt Construction Loan	8,815,000	4.25%	16	CDLAC 60% Limit: 9,979,332
San Diego Housing Commission Loan (Assumed)	1,337,280	1.35%	16	
Accrued/Deferred Interest	24,071			
Urban League Seller Note (Recourse)	5,459,694	1.35%	16	
Accrued/Deferred Interest	98,274			
Costs Deferred Until Conversion	980,190			
Capital Contributions				
General Partners (Transferred Reserves)	175,000			
Limited Partner (LIHTC)	1,078,962			
TOTAL SOURCES	17,968,471			
Surplus/(Shortfall)	0			

Grant Heights II

Uses of Funds

Version: 6.03 Closing

Revised: January 5, 2021

	TOTAL	TOTAL RESIDENTIAL	DEPRECIABLE				TAX CREDIT ELIGIBLE		
			NON-DEPREC	RESIDENTIAL	NON-RES	EXPENSE	AMORTIZE	CONST/REHAB	ACQUIS.
ACQUISITION COSTS									
Total Purchase Price	9,790,000								
Land - Grant Heights	540,000	540,000	540,000						
Building - Grant Heights	6,660,000	6,660,000		6,660,000					6,660,000
Land - Winona	270,000	270,000	270,000						
Building - Winona	2,320,000	2,320,000		2,320,000					2,320,000
GENERAL DEVELOPMENT COSTS									
Total Construction Contract	3,387,322								
Residential Construction	1,871,993	1,871,993		1,871,993	0		0	1,871,993	
Demolition	165,750	165,750	165,750	0				0	
Solar Work	65,000	65,000	0	65,000	0		0	65,000	
Site Work/Landscape	124,160	124,160		124,160	0			124,160	
Personal Property included in Contract	358,097	358,097		358,097	0			358,097	
Contractor General Requirements	149,000	149,000	0	149,000	0			149,000	
Contractor Overhead	50,400	50,400	0	50,400	0			50,400	
Contractor Profit	153,400	153,400	0	153,400	0			153,400	
Contractor Bonds/Insurance	69,522	69,522		69,522	0			69,522	
Additional Rehab Allowance	380,000	380,000		380,000	0			380,000	
Construction Contingency (excludes Allowance)	300,732	300,732	0	300,732	0			300,732	
Local Permits/Fees/Utility Fees	63,000	63,000		63,000	0			63,000	
Environmental	2,500	2,500		2,500	0			2,500	
Architect	209,400	209,400		209,400	0			209,400	
Survey/Engineering	35,000	35,000		35,000	0			35,000	
Appraisal	10,000	10,000		10,000	0		0	10,000	
Relocation (Temporary)	135,000	135,000		135,000	0			135,000	
Market Study	14,400	14,400		0	0		14,400	0	
Construction Loan Period Interest (Bank)	299,710	299,710		187,319	0	112,391		187,319	
Construction Period Interest (Urban League Seller Note)	98,274	98,274		61,422	0	36,853		61,422	
Construction Period Interest (SDHC Assumed Loan)	24,071	24,071		15,044	0	9,027		15,044	
Construction Loan Interest (SDHC Seller Note)	0	0		0	0	0		0	
Title/Recording/Escrow - Acquisition	5,000	5,000	5,000	0	0			0	0
Title/Recording/Escrow - Construction	20,000	20,000		20,000	0			20,000	0
Title/Recording/Escrow - Permanent	5,000	5,000		0	0		5,000	0	0
Real Estate Taxes During Construction	5,000	5,000		5,000	0	0		5,000	0
Insurance During Construction	0	0		0	0	0		0	0
Soft Cost Contingency	150,000	150,000		150,000	0			150,000	
TCAC Application/Monitoring Fee	29,656	29,656		0	0		29,656	0	0
Sponsor Legal: Acquisition	0	0	0	0	0			0	0
Construction Closing	40,000	40,000		40,000	0			40,000	0
Permanent Closing	0	0		0	0		0	0	0
Organization of Partnership	0	0		0	0		0	0	0
Syndication	45,000	45,000	45,000	0	0			0	0
Investor Fees	40,000	40,000	40,000	0	0			0	0
Syndication Consulting	75,000	75,000	75,000	0	0			0	0
Cost Certification	15,000	15,000	15,000	0	0			0	0
Accounting	15,000	15,000		15,000	0	0		15,000	
Furnishings	25,000	25,000		25,000	0			25,000	
Replacement Reserve Operating	175,000	175,000	175,000	0	0			0	0
Reserve (9 months) Marketing/Lease-Up	457,009	457,009	457,009	0	15,000			0	0
PNA/Energy Audit/Other	19,200	19,200		19,200	0			19,200	
3rd Party Construction Manager	50,000	50,000		50,000	0			50,000	
Developer Fee	1,862,113	1,862,113		1,862,113	0			716,154	1,145,959
Costs of Issuance/Other Financing Costs									
Permanent Lender Counsel	10,000	10,000					10,000	0	
Construction Lender Counsel	65,000	65,000		65,000	0		0	65,000	
Bond Issuer Counsel	55,000	55,000					55,000		
Issuer Financial Advisor	45,000	45,000					45,000		
Construction Loan Extension Fee	11,019	11,019		11,019	0		0	11,019	
Construction Lender Expenses/Monitoring	45,000	45,000		45,000	0			45,000	0
Construction Loan Fees	88,150	88,150		88,150	0			88,150	
Permanent Loan Conversion Fee	24,680	24,680					24,680		
Trustee Fee	15,000	15,000					15,000		
CDIAC Fees	3,000	3,000					3,000		
CDLAC Filing Fee	3,085	3,085					3,085		
SDHC Issuer Fee at Closing (0.25%)	22,038	22,038					22,038		
SDHC Issuer Application Fee	13,000	13,000					13,000		
SDHC Issuer Prepaid Annual Fee (0.125%)	22,038	22,038					22,038		
SDHC Issuer Expenses	50,000	50,000					50,000		
SDHC Loan Legal/Cost Review	35,000	35,000		35,000	0			0	
CDLAC Performance Deposit	44,075	44,075					44,075		
<i>Subtotal - Costs of Issuance/Other Financing Costs</i>	<i>551,084</i>	<i>551,084</i>	<i>0</i>	<i>244,169</i>	<i>0</i>	<i>0</i>	<i>306,915</i>	<i>209,169</i>	<i>0</i>
TOTAL DEVELOPMENT COSTS	17,968,471	17,968,471	1,787,759	15,651,470	0	173,271	355,971	5,490,511	10,125,959
<i>Total Development Cost Per Unit</i>	<i>427,821</i>								

TCAC DEVELOPER FEE CALCULATION (2020 TCAC Regulations)			
	Construction	Acquisition	Total
Eligible Basis	4,774,358	8,980,000	13,754,358
Maximum Potential TCAC Fee (per limits)	N/A	N/A	N/A
Maximum Potential TCAC Fee (per basis)	716,154	1,347,000	2,063,154
Ratio	34.71%	65.29%	100.00%
Maximum Fee Per TCAC at PIS	716,154	1,347,000	2,063,154
Fee per TCAC Application	663,381	1,145,959	1,809,340
<i>CDLAC Forgone Developer Fee</i>			<i>201,041</i>
MAXIMUM FEE IN ELIGIBLE BASIS & COSTS	716,154	1,145,959	1,862,113
Developer Fee Paid from Development Sources			1,862,113
GP Equity Contribution and/or Deferred Fee Paid from Cash Flow			0

City/County Developer Fee Limits	
Developer Fee Paid From Development Sources	1,862,113
Deferred Developer Fee Paid from Cash Flow	0
GP Equity Contribution	0
Total Developer Fee	1,862,113

AVERAGE AFFORDABILITY FOR QUALIFIED UNITS (% AMI)	48.42%	UNIT MIX	
		0 BR	0
		1 BR	19
		2 BR	22
		3 BR	1

RESIDENTIAL INCOME

TAX-CREDIT ELIGIBLE - TIER 1:		45% AMI		Percentage of Targeted Units: 31.7%					
<i>Grant Heights</i>									
UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	HUD UTILITY ALLOWANCE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT
1 BR	6	550	3,300	45.0%	24	974	950	5,700	68,400
2 BR	7	721	5,047	45.0%	31	1,170	1,139	7,973	95,676
TOTAL	13		8,347					13,673	164,076

TAX-CREDIT ELIGIBLE - TIER 2:		50% AMI		Percentage of Targeted Units: 26.8%					
<i>Grant Heights</i>									
UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	HUD UTILITY ALLOWANCE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT
1 BR	2	545	1,090	50.0%	33	1,083	1,050	2,100	25,200
2 BR	9	721	6,489	50.0%	31	1,300	1,269	11,421	137,052
TOTAL	11		7,579					13,521	162,252

TAX-CREDIT ELIGIBLE - TIER 3:		50% AMI		Percentage of Targeted Units: 7.3%					
<i>Grant Heights</i>									
UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	HUD UTILITY ALLOWANCE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT
1 BR	2	617	1,234	50.0%	13	1,083	1,070	2,140	25,680
2 BR	1	743	743	50.0%	49	1,300	1,251	1,251	15,012
TOTAL	3		1,977					3,391	40,692

TAX-CREDIT ELIGIBLE - TIER 4:		50% AMI		Percentage of Targeted Units: 34.1%					
<i>Winona</i>									
UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	SDHC UTILITY ALLOWANCE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT
1 BR	9	553	4,977	50.0%	62	1,083	1,021	9,189	110,268
2 BR	4	816	3,264	50.0%	82	1,300	1,218	4,872	58,464
3 BR	1	936	936	50.0%	105	1,501	1,396	1,396	16,752
TOTAL	14		9,177					15,457	185,484

MANAGER UNITS									
<i>Grant Heights</i>									
UNIT TYPE	NUMBER	PER UNIT SQ FT	TOTAL SQ FT	% MEDIAN INCOME AFFORDABLE	UTILITY ALLOWANCE	PER-UNIT MONTHLY GROSS RENT	PER-UNIT MONTHLY NET RENT	TOTAL MONTHLY NET RENT	TOTAL ANNUAL NET RENT
2 BR	1	743	743	0.0%	0	0	0	0	0
TOTAL	1		743					0	0

RENTAL SUBSIDY INCOME (Grant Heights - Post Rehab HAP Contract Rents)									
UNIT TYPE	NUMBER	INCOME TIER	PER-UNIT MONTHLY NET RENT	PER UNIT S8 NET RENT	PER UNIT S8 GROSS RENT	PER-UNIT MONTHLY S8 PREMIUM	TOTAL MONTHLY S8 PREMIUM	TOTAL ANNUAL S8 PREMIUM	
1 BR	6	45%	950	1,421	1,445	471	2,826	33,912	
1 BR	2	50%	1,050	1,407	1,440	357	714	8,568	
1 BR	2	50%	1,070	1,477	1,490	407	814	9,768	
2 BR	7	45%	1,139	1,669	1,700	530	3,710	44,520	
2 BR	9	50%	1,269	1,669	1,700	400	3,600	43,200	
2 BR	1	50%	1,251	1,661	1,710	410	410	4,920	
TOTAL	27						12,074	144,888	

RENTAL SUBSIDY PREMIUM (annual subsidy income less total annual base rents)	12,074	144,888
TOTAL - BASE RENT PLUS SECTION 8 PREMIUM	58,116	697,392

TOTAL RESIDENTIAL INCOME			TOTAL UNITS	TOTAL MONTHLY (Net)	TOTAL ANNUAL
			42	58,116	697,392
TOTAL SQ FT - TAX CREDIT ELIGIBLE	27,080				
TOTAL SQ FT - NON-TAX CREDIT ELIGIBLE	0				
TOTAL RENTABLE SQ FT	27,080				

MISCELLANEOUS INCOME			PER-UNIT MONTHLY	TOTAL MONTHLY	TOTAL ANNUAL
Laundry/Vending			8.00	336	4,032
Financial			5.00	210	2,520

Grant Heights II
Tax Credit Calculation

Version: 6.03 Closing
 Revised: January 5, 2021

	FEDERAL			CALIFORNIA		
	ACQUIS	CONST/ REHAB	TOTAL	ACQUIS	CONST/ REHAB	TOTAL
TOTAL ELIGIBLE COSTS	10,125,959	5,490,511	15,616,470	0	0	0
ELIGIBLE BASIS	10,125,959	5,490,511	15,616,470	0	0	0
THRESHOLD BASIS LIMIT			27,790,072			
REQUESTED ELIGIBLE BASIS	10,125,959	5,490,511	15,616,470	0	0	0
LESS: Voluntary Credit Reduction for Tiebreaker or Ranking		0				
TOTAL REQUESTED UNADJUSTED ELIGIBLE BASIS	10,125,959	5,490,511			0	
HIGH COST ADJUSTMENT (Y/N)	Y	100.0%	130.0%	100.0%	100.0%	
ADJUSTED ELIGIBLE BASIS	10,125,959	7,137,665	17,263,624	0	0	0
APPLICABLE FRACTION*	100.00%	100.00%		100.00%	100.00%	
QUALIFIED CREDIT BASIS	10,125,959	7,137,665	17,263,624	0	0	0
LESS: Credit Reduction for Leveraging	0.00%	0	0		0	0
ADJUSTED QUALIFIED CREDIT BASIS	10,125,959	7,137,665	17,263,624		0	0
CREDIT RATE	Federal Annual/Yr 1-3 State Year 4 - State	4.00%	4.00%	4.00% 1.00%	30.00% 9.00% 3.00%	
MAXIMUM CREDIT AMOUNT PER COSTS	Federal Annual/Year 1 - State Year 2 - State Year 3 - State Year 4 - State Total	405,038	285,507	690,545	0 0 0 0 0	0 0 0 0 0
ACTUAL TCAC CREDIT RESERVATION	Federal Annual/Total State	328,081	214,219	542,300	N/A	N/A
MAXIMUM ALLOWABLE CREDITS	Federal Annual/Total State	405,038	285,507	690,545		0
MAXIMUM ALLOWABLE - TEN YEAR TOTAL			6,905,449			0

Grant Heights II

Base Year Income & Expense

Version: 6.03 Closing
 Revised: January 5, 2021

INCOME		
Scheduled Gross Income		552,504
Rental Subsidy Premium		144,888
Misc. Income		6,552
Vacancy Loss	5.0%	(27,953)
Vacancy Loss - Rental Subsidy	5.0%	(7,244)
EFFECTIVE GROSS INCOME		668,747
EXPENSES - RESIDENTIAL		
Administrative		
Advertising		0
Legal		5,000
Accounting/Audit		15,000
Security		0
<u>Other Admin Expenses</u>		<u>16,100</u>
Total Administrative		36,100
Management Fee	5.5% of gross income	38,357
Utilities		
Electricity		6,700
Gas		10,500
<u>Total Utilities</u>		<u>17,200</u>
Water/Sewer		35,000
Payroll/Payroll Taxes		
On-Site Managers		55,000
Maintenance/Janitorial		39,500
Manager Unit Expense/(Credit)		0
Payroll Taxes/Benefits		26,250
<u>Total Payroll/Payroll Taxes</u>		<u>120,750</u>
Insurance		17,000
Real Estate Taxes		0
Maintenance		
Unit Turnover/Painting		4,000
Repairs		21,000
Trash Removal		15,000
Exterminating		2,400
Grounds		9,000
Elevator		1,000
<u>Total Maintenance</u>		<u>52,400</u>
Replacement Reserve	350 PUPA	14,700
Operating Reserve		0
Other		
SDHC Bond Monitoring Fee		10,000
Resident Services		20,000
SDHC Loan Monitoring Fee		6,150
Misc Taxes/Licenses/Permits		1,500
<u>Total Other</u>		<u>37,650</u>
TOTAL EXPENSES - RESIDENTIAL		369,157
<i>Per Unit Per Year</i>		<i>8,789</i>
<i>Per Unit Per Year (w/o Services, Taxes, Reserves, Monitoring Fee)</i>		<i>7,579</i>
TOTAL EXPENSES - COMMERCIAL		0
NET AVAILABLE INCOME		299,590
Debt Service Coverage Ratio		1.25
AVAILABLE FOR DEBT SERVICE		239,672

Grant Heights II

15-Year Cash Flow

Version: 6.03 Closing
Revised: January 5, 2021

ASSUMPTIONS:																	
Rent Increase:	2.00%	Permanent Loan - % Debt Service Year 1	41.67%														
Expenses Increase:	3.00%	Percent Qualified Occupancy - Lease-Up Year 1	91.46%														
Real Estate Tax Increase:	2.00%	Permanent Loan - % Debt Service Year 2	100.00%														
Reserve Increase:	0.00%																
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
GROSS POTENTIAL INCOME - RESIDENTIAL		552,504	505,339	563,554	574,825	586,322	598,048	610,009	622,209	634,653	647,346	660,293	673,499	686,969	700,709	714,723	729,017
Rental Subsidy Premium		144,888	132,520	147,786	150,741	153,756	156,831	159,968	163,167	166,431	169,759	173,155	176,618	180,150	183,753	187,428	191,177
Misc. Income		6,552	5,993	6,683	6,817	6,953	7,092	7,234	7,379	7,526	7,677	7,830	7,987	8,147	8,310	8,476	8,645
Vacancy Loss - Residential	5.0%	(25,567)	(28,512)	(29,082)	(29,664)	(30,257)	(30,862)	(31,479)	(32,109)	(32,751)	(33,406)	(34,074)	(34,756)	(35,451)	(36,160)	(36,883)	(37,621)
Vacancy Loss - Rental Subsidy Premium	5.0%	(6,626)	(7,389)	(7,537)	(7,688)	(7,842)	(7,998)	(8,158)	(8,322)	(8,488)	(8,658)	(8,831)	(9,008)	(9,188)	(9,371)	(9,559)	(9,751)
GROSS EFFECTIVE INCOME		611,659	682,122	695,764	709,679	723,873	738,351	753,118	768,180	783,543	799,214	815,199	831,503	848,133	865,095	882,397	900,048
Operating Expenses		354,457	324,919	365,090	376,043	387,324	398,944	410,912	423,240	435,937	449,015	462,485	476,360	490,651	505,370	520,531	536,147
Real Estate Taxes		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING EXPENSES		354,457	324,919	365,090	376,043	387,324	398,944	410,912	423,240	435,937	449,015	462,485	476,360	490,651	505,370	520,531	536,147
NET OPERATING INCOME		286,740	317,031	319,721	322,355	324,929	327,438	329,878	332,243	334,528	336,729	338,839	340,852	342,762	344,564	346,250	347,901
REPLACEMENT RESERVE		14,700	13,475	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700
NET INCOME AVAILABLE FOR DEBT SERVICE		273,265	302,331	305,021	307,655	310,229	312,738	315,178	317,543	319,828	322,029	324,139	326,152	328,062	329,864	331,550	333,201
Tax-Exempt Permanent Loan																	
Principal Balance	4,786,000	4,755,801	4,681,584	4,604,842	4,525,490	4,443,439	4,358,597	4,270,869	4,180,158	4,086,360	3,989,373	3,889,086	3,785,388	3,678,163	3,567,291	3,452,648	3,334,229
Principal Payment		30,199	74,217	76,742	79,352	82,051	84,842	87,728	90,712	93,797	96,988	100,287	103,698	107,225	110,872	114,643	118,539
Interest Payment		66,626	158,163	155,639	153,028	150,329	147,538	144,653	141,669	138,583	135,393	132,094	128,683	125,155	121,508	117,737	113,841
TOTAL DEBT SERVICE		96,825	232,380	232,380	232,380	232,380	232,380	232,380	232,380	232,380	232,380	232,380	232,380	232,380	232,380	232,380	232,380
Taxable Permanent Loan																	
Principal Balance	150,000	149,147	147,044	144,858	142,586	140,225	137,772	135,223	132,574	129,821	126,960	123,987	120,898	117,687	114,351	110,884	107,299
Interest Payment		2,401	5,705	5,623	5,537	5,448	5,356	5,260	5,160	5,056	4,948	4,836	4,719	4,598	4,473	4,342	4,206
Principal Payment		853	2,104	2,186	2,272	2,361	2,453	2,549	2,649	2,753	2,861	2,973	3,089	3,210	3,336	3,467	3,603
TOTAL DEBT SERVICE		3,254	7,809	7,809	7,809	7,809	7,809	7,809	7,809	7,809	7,809	7,809	7,809	7,809	7,809	7,809	7,809
NET CASH FLOW		173,186	62,142	64,832	67,466	70,040	72,549	74,989	77,354	79,639	81,840	83,949	85,963	87,873	89,675	91,361	92,939
Debt Service Coverage Ratio		2.730	1.259	1.270	1.281	1.292	1.302	1.312	1.322	1.332	1.341	1.350	1.358	1.366	1.373	1.380	1.387
DISTRIBUTION OF CASH FLOW																	
LP Investor Services Fee - Current	5,000	5,000	5,138	5,292	5,450	5,614	5,782	5,956	6,134	6,318	6,508	6,703	6,904	7,112	7,325	7,545	7,771
LP Investor Services Fee - Deferred		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GP Partnership Management Fee - Current	20,000	20,000	20,550	21,167	21,801	22,456	23,129	23,823	24,538	25,274	26,032	26,813	27,617	28,446	29,299	30,178	31,083
GP Partnership Management Fee - Deferred		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
San Diego Housing Commission Loan (Assumed)	50.00%	74,093	18,227	19,187	20,107	20,985	21,819	22,605	23,341	24,023	24,650	25,217	25,720	26,158	26,525	26,819	27,041
Urban League Seller Note (Recourse)	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sponsor Distribution (IMF or Seller Note)	50.00%	74,093	18,227	19,187	20,107	20,985	21,819	22,605	23,341	24,023	24,650	25,217	25,720	26,158	26,525	26,819	27,041
General Partners	0.01%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Limited Partner	99.99%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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 10% of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

Rating: Generally "AAA" or its equivalent with a minimum rating of "A" or, under conditions that meet IRS and Housing Commission requirements, bonds may be unrated for private placement with institutional investors (typically, large banks). Additional security is normally achieved through the provision of outside credit support ("credit enhancement") by participating financial institutions that underwrite the project loans and guarantee the repayment of the bonds. The credit rating on the bonds reflects the credit quality of the credit enhancement provider.

Approval Process:

- **Inducement Resolution:** The bond process is initiated when the issuer (Housing Authority) adopts an "Inducement Resolution" to establish the date from which project costs may be reimbursable from bond proceeds (if bonds are later issued) and to authorize staff to work with the financing team to perform a due diligence process. The Inducement Resolution does not represent any commitment by the Housing Commission, Housing Authority, or the developer to proceed with the financing.

- TEFRA Hearing and Resolution (Tax Equity and Fiscal Responsibility Act of 1982): To assure that projects making use of tax-exempt financing meet appropriate governmental purposes and provide reasonable public benefits, the IRS Code requires that a public hearing be held and that the issuance of bonds be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located (City Council). This process does not make the City financially or legally liable for the bonds or for the project.

[Note: 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.

ATTACHMENT 6 - FINANCIAL ADVISOR'S ANALYSIS

Memorandum

To: Colin Miller, Joe Correia - San Diego Housing Commission

From: Bob Gamble, Nick Jones, Julia Buford - PFM Financial Advisors, LLC

RE: Actions related to the proposed issuance of up to \$8,815,000 tax-exempt and \$150,000 taxable Multifamily Housing Revenue Bonds (Grant Heights II) Series 2021

Dear Mr. Miller and Mr. Correia,

You have asked PFM Financial Advisors, LLC (“PFM”) to review the proposed financing and recommend whether, in our judgment, it is reasonable for the Housing Authority of the City of San Diego (the “Housing Authority”) to issue the Multifamily Housing Revenue Bonds (the “Bonds”) in connection with Grant Heights II (the “Project”) by San Diego Community Housing Corporation (the “Borrower” or the “Developer”). In preparing this report, we have reviewed financial projections and background information provided by the Developer and the San Diego Housing Commission (the “Housing Commission” or “SDHC”).

The specific findings this report addresses are:

- Whether the financing will achieve a public purpose by creating or preserving affordable housing
- Whether the Housing Authority will avoid undue financial risk in undertaking the financing
- Whether the Project will be able to meet debt service payments after the proposed financing

As described below, we find that all of the conditions are met and therefore recommend that the Housing Authority authorize the issuance of the Bonds.

Description of the Project

Grant Heights II is an affordable rental housing development that will combine two separate existing apartment complexes: Grant Heights Apartments, located at 2651-2663 J Street, and Winona Apartments, located at 3845 Winona Avenue, San Diego. The two properties are located approximately five miles apart. The project consists of 41 restricted rental units and 1 unrestricted manager unit. The restricted units are made up of 1 three-bedroom, 21 two-bedroom, 19 one-bedroom units.

Renovations will encompass exterior and interior upgrades, including kitchen cabinetry and countertops, flooring, plumbing fixtures, plumbing supply lines, plumbing greywater



lines, roof, exterior walkways and decks, accessibility and path of travel, and flooring. Rehabilitation is expected to begin in March 2021 and be complete by Fall 2021.

The current estimate of site acquisition and hard construction costs is \$9,790,000 (\$233,095 per unit) and \$3,688,054 (\$87,811 per unit), respectively. Funds for the development of the Project will be raised through various sources including equity capital and the issuance of the Bonds. The proposed development pro-forma estimates that there are \$17,968,471 in total project costs (\$427,821 per unit).

The Developer

Grant Heights II L.P. is a limited partnership formed by San Diego Community Housing Corporation (“SDCHC”) and Urban League of San Diego County (“Urban League”). Both SDCHC and Urban League are 501(c)(3) nonprofits. SDCHC was founded in 1994, with a focus on developing affordable housing that offers services designed to assist resident in achieving upward economic mobility. SDCHC is also the current owner of Winona Apartments. Urban League was founded in 1953, with a focus on employment, on-the-job training, youth education, housing counseling, elderly health outreach, and workforce re-entry. Urban League develops, preserves, and maintains affordable housing. It is also the controlling general partner of UHGH L.P., the current owner of Grant Heights Apartments.

The Financing

An aggregate amount not exceeding \$8,815,000 of tax-exempt Housing Authority Bonds will initially be issued to facilitate Grant Heights II L.P.’s acquisition with rehabilitation of the Project. California Bank and Trust (the “Lender”) will serve as the bond purchaser and Red Stone Equity Partners will serve as equity investor. Tax credits and tax exemption were allocated to the project by California Tax Credit Allocation Committee (“TCAC”) and California Debt Limit Allocation Committee (“CDLAC”) in an amount of \$8,815,000 on September 16, 2020. The transaction is scheduled to close in March 2021.

The Bonds will bear a fixed interest rate locked at closing, estimated at 3.35%, and will amortize over 35 years. The Bonds will be purchased by the Lender through a permanent loan, which will be repaid by the Borrower. The Developer has secured a commitment from the Lender to purchase the Bonds. In addition to the Bonds, the Project will be financed by other Permanent Sources, detailed in Table 1 below:



Table 1
Permanent Financing
Sources and Uses of Funds

Sources:	
Tax-exempt permanent loan	\$ 4,786,000
Taxable bond	150,000
Urban League seller's loan	5,459,694
Accrued deferred interest Urban League	98,274
Housing Commission loan assumption	1,337,280
Accrued deferred interest SDHC loan	24,071
General Partner equity	175,000
4 percent (CTCAC) tax credit equity	5,938,152
Total Sources	\$ 17,968,471
Uses:	
Property acquisition	\$ 9,790,000
Rehabilitation costs	3,387,322
Construction Contingency	300,732
Financing costs	551,084
Other soft costs	1,310,211
Relocation costs	135,000
Reserves	632,009
Developer fee	1,862,113
Total Uses	\$ 17,968,471



Achieving Public Purpose

Through the proposed bond issuance, the Project will provide housing for low income households. The Project proposes to restrict all 41 non-manager units for households earning no greater than 50% of Area Median Income (“AMI”), with 13 of the units targeted at households earning no greater than 45% of AMI. The affordability term of the project is 55 years. Maximum bond rents for the Project are summarized in Table 2 below:

**Table 2
 Rent Comparison**

Unit Type	Area Median Income	Units	Unit Size SF	Proposed Gross Rents	Estimated Market Rents	Savings
Grant Heights Apartments						
1 Bedroom	45%	6	550	974	1,445	471
	50%	2	545	1,083	1,440	357
	50%	2	617	1,083	1,490	407
2 Bedroom	45%	7	721	1,170	1,700	530
	50%	9	721	1,300	1,700	400
	50%	1	743	1,300	1,710	410
Manager	-	1		-	-	-
Grant Heights Sub-Total		28				\$12,074
Winona Apartments						
1 Bedroom	50%	9	553	1,083	1,477	394
2 Bedroom	50%	4	816	1,300	1,523	223
3 Bedroom	50%	1	936	1,501	2,692	1,191
Winona Sub-Total		14				\$5,629
Grant Heights II Total		42				\$17,703
Total Annual Savings for All Units						\$212,436



Meeting Debt Service After Financing

As shown in Table 3 below, the Project will have ample cash flow to meet debt service upon completion and rent-up. Based upon our review of the Developer’s proposed rents and estimated costs, there will be \$302,331 of net income (net of reserve deposits) available for the first full year of debt service in 2023. Debt service coverage in the first full year is estimated at 1.26 times. By the fifth full year of debt service, assuming a 2.0% annual increase in gross income and a 3.0% annual increase in operating expenses, debt service coverage is projected to increase to 1.30 times.

Table 3
Estimated Cash Flow

Year:	2022	2023	2024	2025	2026	2027
Rental Income	\$505,339	\$563,554	\$574,825	\$586,322	\$598,048	\$610,009
Less: Vacancy @ 5%	(25,567)	(28,512)	(29,082)	(29,664)	(30,257)	(30,862)
Rental Subsidy Premium	132,520	147,786	150,741	153,756	156,831	159,968
Less: Vacancy @ 5%	(6,626)	(7,389)	(7,537)	(7,688)	(7,842)	(7,998)
Other Income	5,993	6,683	6,817	6,953	7,092	7,234
Effective Gross Income	\$611,659	\$682,122	\$695,764	\$709,679	\$723,873	\$738,350
Less: Operating Expenses	(324,919)	(365,090)	(376,043)	(387,324)	(398,944)	(410,912)
Less: Reserves	(13,475)	(14,700)	(14,700)	(14,700)	(14,700)	(14,700)
Net Income	\$273,265	\$302,331	\$305,021	\$307,655	\$310,229	\$312,738
Permanent Loan Debt Service	(\$100,079)	(\$240,189)	(\$240,189)	(\$240,189)	(\$240,189)	(\$240,189)
Debt Service Coverage ¹	2.73	1.26	1.27	1.28	1.29	1.30

¹Calculated by dividing Net Income by Permanent Loan Debt Service

Conclusion

The proposed financing will create no undue risk for the Housing Authority. The Borrower has agreed to pay all costs of issuance for the financing and to indemnify the City, the Housing Authority and the Housing Commission regarding matters relating to the financing. It should be noted that the Borrower will have no significant assets or sources of income other than the Project and neither the Borrower nor the Housing Authority would be required under most circumstances to make up any cash flow shortfalls.

Based upon our review, we recommend that the Housing Authority proceed with the financing. This recommendation is based upon the following findings:

- The financing would achieve a public purpose by providing 41 affordable units, all affordable at 50% of AMI, and 13 targeted at 45% of AMI, for a period of 55 years.



- The Borrower has agreed to indemnify the City, the Housing Authority and the Housing Commission regarding any matters related to the financing. The Borrower will pay all costs of the financing.
- Based upon estimates by the Developer that have been reviewed and confirmed by the bond purchaser, there are sufficient funds to complete the Project, and the Project provides adequate debt service coverage.
- Since the financing is unrated, the Housing Commission's policies regarding the purchase and transfer of the Bonds will apply; these include requirements that the buyers be sophisticated institutional buyers or qualified institutional buyers. These requirements will travel from the initial buyers to subsequent buyers of the Bonds.

If there is any additional information you require concerning this matter, we will be glad to provide it as a supplement to this report.

Sincerely,
PFM Financial Advisors, LLC

Robert T. Gamble
Managing Director



SAN DIEGO
HOUSING
COMMISSION

**ATTACHMENT 7
URBAN LEAGUE OF SAN DIEGO COUNTY
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: Urban League San Diego County
2. Address and ZIP Code: 4305 University Avenue Suite 360, San Diego CA 92105
3. Telephone Number: 619-266-6247
4. Name of Principal Contact for CONTRACTOR: Ray King
5. Federal Identification Number or Social Security Number of CONTRACTOR: 95-1772854
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

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

Check one:

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

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
1953
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 percent 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.

Please see attached list of board members and officers

- 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 percent.(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: n/a	
Address:	
Name:	
Address:	
Name:	
Address:	

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

No

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

No

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: N/A	
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:	
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 any nature? If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

Name and Address	Relationship to CONTRACTOR
Name: National Urban League	Affiliate
Address: 80 Pine Street, 9 th Floor	
New York, NY 10005	
Name:	
Address:	
Name:	
Address:	

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

On file with the San Diego Housing Commission

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

The contractor proposes to assign an existing Housing Commission loan to a to-be-formed tax-credit limited partnership, multifamily housing revenue bonds, conventional loan, seller contribution, seller carryback loan, developer fee contribution, existing reserves and income during construction.

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

The Contractor is utilizing local public funding, low income housing tax credits, private activity bonds to finance the project. Urban League San Diego will be partnering with the San Diego Community Housing Corporation which will fund the majority of predevelopment expenses.

- a. In banks/savings and loans: N/A
 Name:
 Address: -
 Amount:

- b. By loans from affiliated or associated corporations or firms: N/A
 Name:
 Address:
 Amount: \$
- c. By sale of readily salable assets/including marketable securities:

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

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

Name and Address	Contact Name
Name: California Bank & Trust	Steve Herman
Address: 1900 Avenue of the Stars, Suite 2350	
Los Angeles, CA 90067	
Name: Citizens Business Bank	Larry Reed
Address: 460 Sierra Madre Villa Avenue	
Pasadena, CA 91107	
Name: Bank of America	Tosha Blackshear
Address: 7700 El Camino Real, Suite 204	
Carlsbad, CA 92009	

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

- Yes No

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

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

Yes No

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

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

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

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

a. Name and addresses of such contractor or builder: N/A

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:

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

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

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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:

The Urban League San Diego County team brings diverse experience and leadership within the communities the projects are locate in. In collaboration with the San Diego Community Housing Corporation, the Urban League San Diego County will assist with public outreach, project coordination and relationship management.

23. Does any member of the governing body of 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 SDHC, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

Yes No

If yes, explain:

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

N/A

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

Yes No

If yes, explain:

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

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

Check coverage(s) carried:

- Comprehensive Form
 Premises - Operations
 Explosion and Collapse Hazard
 Underground Hazard
 Products/Completed Operations Hazard
 Contractual Insurance

- Broad Form Property Damage
- Independent Contractors
- Personal Injury

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

Check coverage(s) carried:

- Comprehensive Form
- Owned
- Hired
- Non-Owned

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

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

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

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

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 SDHC setting forth the provisions of this nondiscrimination clause.

28. The CONTRACTOR warrants and certifies that it will not, without prior written consent of SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of 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 SDHC, the AUTHORITY and/or the CITY, and no member of the governing body of the locality in which the PROJECT is situated, no member of the governing body in which 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: N/A

Government Complaint	Entity	Making	Date	Resolution

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

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: N/A

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

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

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

Contractor has been in business for approximately 65-years and has a track record of owning and managing housing in the City of San Diego. Applicant currently owns one of the subject asset and has extensive history and knowledge to ensure that the project is completed successfully.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, and SALES of Real Property to 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
2/12/02	SDHC	Current	\$1,274,210

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

Yes No

If yes, explain:

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

Yes No

If yes, explain:

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

1. Name: Ms. Mi Yeong Lee
Address: 1122 Broadway, Suite 300, San Diego
Phone: 619-578-7536
Project Name and Description: Grant Heights
2. Name: Steve Herman
Address: 1900 Avenue of the Stars, Suite 2350, Los Angeles
Phone: 310-407-6181
Project Name and Description: Grant Heights
3. Name: Wilmer Cooks
Address: 12900 4th Avenue #101, San Diego
Phone: 619-298-9292
Project Name and Description: Grant Heights

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 26th day of January, 2021 at San Diego, California.

CONTRACTOR

By: _____

Signature

President and CEO

Title

CERTIFICATION

The CONTRACTOR, Urban League of San Diego County, 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: Raynard King _____

B10y: _____

Title: President and CEO

Title: _____

Dated: January 26, 2021 _____

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

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

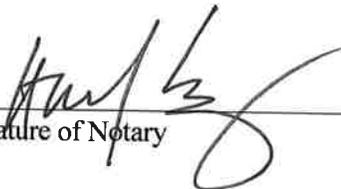
State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this 26th day of January, 2021

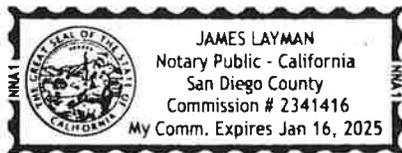
by Raynard King personally known to me or proved to me on the basis of

satisfactory evidence to be the person(s) who appeared before me.



Signature of Notary

SEAL



Urban League San Diego County Board Members & Officers

Officers

Gustavo Bidart, Chair
Civic San Diego

Larry Reed, Vice Chair
Citizens Business Bank

Christopher Wilson, Board Secretary
Alliance San Diego

Sandra Speed, Board Treasurer
Wells Fargo Bank (Ret.)

Ray King, President & CEO
Urban League of San Diego County

Members

Dr. Robert Lee Brown, UC San Diego
Sylvester Sac Carreathers, Prolacta Bioscience
Zeeda Daniele, New American Funding
Liliana Garcia-Rivera, Diamond Business Association
Carla Holland, Southwestern College
Christophe Nayve, Esq., University of San Diego
Delphine Pruitt, Bank of the West



SAN DIEGO
HOUSING
COMMISSION

ATTACHMENT 8 - 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: San Diego Community Housing Corporation
2. Address and ZIP Code: 6160 Mission Gorge Road
3. Telephone Number: 619-876-4222
4. Name of Principal Contact for CONTRACTOR: John Wurster
5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0661980
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

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

Check one:

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

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
10/24/94
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 percent 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.

Please see attached list of board members and officers- on file with the San Diego Housing Commission

- 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 percent.(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:	
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.

Yes. Denis Morgan was a previous board member and stepped down from board due to work commitments and volunteer work that required his attention.

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

No

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: N/A	
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: Ted Miyahara	President & Chief Executive Officer
Address: 6160 Mission Gorge Road #204	
San Diego, CA 92120	
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 any nature? If yes, list each such corporation, firm or business entity by name and address, specify its relationship to the CONTRACTOR, and identify the officers and directors or trustees common to the CONTRACTOR and such other corporation, firm or business entity.

Name and Address	Relationship to CONTRACTOR
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

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

On file with the San Diego Housing Commission

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

The San Diego Community Housing Corporation is applying for funds from the Housing Commission Rental Housing Notice of Funding Availability, assumption of existing former Redevelopment Agency loan, assumption of existing Housing Commission loan, seller contribution, developer fee contribution, low income housing tax credits and private activity bonds.

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

The Contractor is utilizing local public funding, low income housing tax credits, private activity bonds to finance the project. Sand Diego Community Housing Corporation will seek a predevelopment loan or finance predevelopment expenditures with its own funds. Please see attached financial statements on file with the Housing Commission; San Diego Community Housing Corporation has approximately \$3,200,000 of cash and cash equivalents to finance predevelopment activities.

a. In banks/savings and loans:

Name: Bank of American and California Bank & Trust

Address: -

Amount: \$ 3,200,000

b. By loans from affiliated or associated corporations or firms: N/A

Name:

Address:

Amount: \$

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

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

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

Name and Address	Contact Name
Name: Torrey Pines Bank	Ryan Vertigan
Address: 8379 Center Drive	
La Mesa, CA 91942	
Name: Wells Fargo	Sam Pustilnik
Address: 9360 Clairemont Mesa Boulevard	
San Diego, CA 92123	
Name: Neighborhood National Bank	Jose Ibanez
Address: 3511 National Avenue	
San Diego, CA 92113	

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

Yes

No

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

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

Yes No

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

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

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

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

a. Name and addresses of such contractor or builder: N/A

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:

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

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

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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:

The SDCHC team brings hands-on experience and expertise in deal structuring and negotiation, project management, finance, design, construction, property management and asset management. Our experience allows us to develop synergies across multiple segments of our industry and capitalize on in-house expertise across a wide range of project types. Staff also specializes in government financing programs which involves complex rules and regulations set by local, state and federal agencies.

23. Does any member of the governing body of 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 SDHC, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

Yes No

If yes, explain:

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

N/A

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

Yes No

If yes, explain:

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

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

Check coverage(s) carried:

- Comprehensive Form
 Premises - Operations
 Explosion and Collapse Hazard
 Underground Hazard

- Products/Completed Operations Hazard
- Contractual Insurance
- Broad Form Property Damage
- Independent Contractors
- Personal Injury

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

Check coverage(s) carried:

- Comprehensive Form
- Owned
- Hired
- Non-Owned

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

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

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

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

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 SDHC setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not, without prior written consent of SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of 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 SDHC, the AUTHORITY and/or the CITY, and no member of the governing body of the locality in which the PROJECT is situated, no member of the governing body in which 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: N/A

Government Complaint	Entity Making	Date	Resolution

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

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: N/A

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

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

N/A

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

Contractor has been in business for approximately 25-years and has a track record of producing affordable housing throughout the County of San Diego. Applicant currently owns the subject asset and has extensive history and knowledge to ensure that the project is completed successfully.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, and SALES of Real Property to 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
	SDHC	Current	\$748,897
	City	Current	\$363,197
	SDHC	Current	\$504,450
	SDHC	Repaid	\$2,065,897

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

Yes No

If yes, explain:

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

Yes No

If yes, explain:

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

1. Name: Ms. Mi Yeong Lee
Address: 1122 Broadway, Suite 300, San Diego
Phone: 619-578-7536
Project Name and Description: Ocean View Acquisition Rehab
2. Name: Jose Dorado
Address: 276 Fourth Avenue Building C, Chula Vista
Phone: 619-476-5375
Project Name and Description: Colorado & Clover Acquisition Rehab
3. Name: Waheed Karim
Address: 4445 Eastgate Mall #110, San Diego
Phone: 619-518-2610

Project Name and Description: Winona Acquisition Rehab

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

N/A

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

Name	Experience
TBD	SDCHC to competitively bid the project to three qualified general contractors. Name of superintendent not known at this time

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 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 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 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 16th day of September, 20 20, at San Diego, California.

CONTRACTOR

By: 

Signature

President

Title

CERTIFICATION

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

By: _____

By: _____

Title: _____

Title: _____

Dated: _____

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

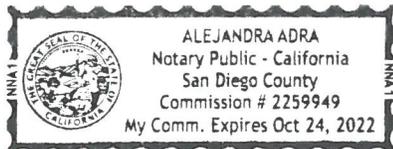
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this 05 day of OCTOBER, 2020

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



SEAL

Alejandra Adra
Signature of Notary

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 DETERMINING THAT THE ACQUISITION AND REHABILITATION OF GRANTS HEIGHTS II APARTMENTS IS CATEGORICALLY EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT PURSUANT TO TITLE 14 CALIFORNIA CODE OF REGULATIONS SECTION 15301.

WHEREAS, the Housing Authority of the City of San Diego (Authority) is considering authorizing the issuance of tax-exempt multifamily housing revenue notes, and entering into related agreements, to provide funding for the acquisition and rehabilitation of the residential rental housing facility known as “Grant Heights II Apartments,” consisting of 42 apartment units composed of Grant Heights Apartments, located at 2651-2663 J Street, and Winona Apartments, located at 3845 Winona Avenue, in the City of San Diego (Project); and

WHEREAS, the California Environmental Quality Act (CEQA), California Public Resources Code (Code) sections 21000 – 21189.3, provides in section 21083 that the California Office of Planning and Research shall promulgate and the Secretary of the California Natural Resources Agency shall adopt guidelines for implementation of CEQA; and

WHEREAS, the California Office of Planning and Research promulgated and the Secretary of the California Natural Resources Agency adopted the guidelines for implementation of CEQA set forth in Title 14 California Code of Regulations sections 15000 – 15387 (CEQA Guidelines); and

WHEREAS, Code section 21084 provides that the CEQA Guidelines shall include a list of classes of projects that have been determined not to have a significant effect on the environment and are exempt from the provisions of CEQA; and

WHEREAS, CEQA Guidelines sections 15300 – 15333 list classes of projects that have been determined not to have a significant effect on the environment and declared to be exempt from preparation of environmental documents under CEQA; and

WHEREAS, the Authority has considered the written record regarding the Project and any public comments concerning the potential environmental effects of the Project; and

WHEREAS, the Authority, using its independent judgment, has determined that the Project is categorically exempt from the provisions of CEQA pursuant to CEQA Guidelines section 15301 for Class 1 Existing Facilities; and

WHEREAS, no exception to the application of a categorical exemption set forth in CEQA Guidelines section 15300.2 applies to the Project; NOW, THEREFORE,

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

1. The Project is categorically exempt from the provisions of CEQA pursuant to CEQA Guidelines section 15301 for Class 1 Existing Facilities.

2. No exception to the application of a categorical exemption set forth in CEQA Guidelines section 15300.2 applies to the Project.

3. The Secretary of the Authority, or designee, is directed to file a Notice of Exemption in accordance with CEQA with the Clerk of the Board of Supervisors for the County of San Diego regarding the Project.

APPROVED: MARA W. ELLIOTT, General Counsel

By: _____
Marguerite E. Middaugh
Deputy General Counsel

MEM:jdf
02/08/2021
Or.Dept: Housing Authority
Doc. No.: 2584285

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 TWO SERIES OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$8,965,000 FOR THE PURPOSE OF FINANCING THE ACQUISITION AND REHABILITATION OF MULTIFAMILY RENTAL HOUSING FACILITIES KNOWN COLLECTIVELY AS GRANT HEIGHTS II 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, Grant Heights II, L.P., a California limited partnership (Borrower), has requested that the Authority issue and sell two series of bonds for the purpose of making two loans to the Borrower to finance costs of the acquisition and rehabilitation by the Borrower of 42 units of multifamily residential rental housing, collectively known as Grant Heights II Apartments (Project), located at 2651-2663 J Street (28 units currently known as Grant Heights Apartments) and 3845 Winona Avenue (14 units currently known as Winona Apartments), all 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 rehabilitation of the Project; and

WHEREAS, the Authority intends to issue its Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Grant Heights II Apartments), Series 2021A-1 (A-1 Bond), and its Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Grant Heights II Apartments), Series 2021A-2 (A-2 Bond), which A-1 Bond in an aggregate amount not to exceed \$8,815,000 and which A-2 Bond in an amount not to exceed \$150,000 are expected to be sold to Zions Bancorporation, N.A., dba California Bank & Trust in a private placement; and

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

WHEREAS, the City Council of the City, by Resolution No. R-312682, with a date of final passage of October 8, 2019, approved the issuance by the Authority of the A-1 Bond in an aggregate principal amount of up to \$9,000,000, after publication of a “TEFRA” notice and the holding on October 1, 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 A-1 Bond occur within one year of its issuance, and because the A-1 Bond will be issued more than one year after the City Council’s approval of its issuance, the issuance by the Authority of the A-1 Bond will be contingent upon the City Council holding a new public hearing regarding the financing of the Project and the issuance of the A-1 Bond, and approving its issuance following such public hearing (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 September 16, 2020, CDLAC adopted Resolution No. 20-148 allocating to the Project \$8,815,000 of the State of California 2019 State ceiling for private activity bonds under section 146 of the Internal Revenue Code of 1986 for the A-1 Bond; and

WHEREAS, the following documents are presented for consideration:

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

(2) the proposed form of Loan Agreement (Loan Agreement), by and among the Authority, Zions Bancorporation, N.A., dba California Bank & Trust, as Bondowner Representative, 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 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 rehabilitation 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 costs of the acquisition and rehabilitation 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 \$8,965,000.

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 A-1 Bond shall not exceed \$8,815,000, and the principal amount of the A-2 Bond shall not exceed \$150,000. The Bonds shall be in substantially the respective forms 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. A separate Regulatory Agreement shall be executed and delivered for each of the two sites on which Project units are located. The Designated Officers are each hereby authorized to execute and deliver the two Regulatory Agreements 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. The Board hereby approves a transfer of Project pursuant to an exercise of a purchase option under a Purchase Option and Right of First Refusal Agreement (or similar agreement) pertaining to the Borrower by any general partner, or member of a general partner, of the Borrower as is provided for in Section 12 of the Regulatory Agreement.

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. 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 9. 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 10. Conflicting Resolutions Repealed. All resolutions or parts thereof in conflict with this Resolution are, to the extent of such conflict, hereby repealed.

Section 11. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any remaining provisions of this Resolution.

Section. 12. Effective Date. This Resolution shall take effect immediately upon its adoption.

APPROVED: MARA W. ELLIOT, General Counsel

By _____
Marguerite E. Middaugh
Deputy General Counsel

MEM:jdf
02/05/2021
Or. Dept.: Housing
Doc. No.: 2582860

INDENTURE OF TRUST

by and among

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

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee**

and

**ZIONS BANCORPORATION, N.A. DBA CALIFORNIA BANK & TRUST,
as initial Bondowner Representative**

Dated as of March 1, 2021

relating to:

\$8,815,000

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bond
(Grant Heights II Apartments),
Series 2021A-1**

and

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bond
(Grant Heights II Apartments),
Series 2021A-2**

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of March 1, 2021 (this "Indenture"), is by and among the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the "Issuer"), THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, as Trustee hereunder (the "Trustee"), and ZIONS BANCORPORATION, N.A. DBA CALIFORNIA BANK & TRUST, as initial Bondowner Representative (the initial "Bondowner Representative").

RECITALS:

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

WHEREAS, the Issuer proposes to issue pursuant to the Act, its Multifamily Housing Revenue Bond (Grant Heights II Apartments), Series 2021A-1 (the "Series 2021A-1 Bond") and its Multifamily Housing Revenue Bond (Grant Heights II Apartments), Series 2021A-2 (the "Series 2021A-2 Bond," and together with the Series 2021A-1 Bond, the "Bonds"); and

WHEREAS, Grant Heights II, L.P., a California limited partnership (the "Borrower"), has applied to the Issuer for financial assistance for the purpose of providing all or part of the funds with which to pay the cost of the acquisition and rehabilitation of a 41-unit (plus one manager's unit) multifamily rental housing project located at 2651-2663 J Street (28 units) and 3845 Winona Avenue (14 units) in San Diego, California, collectively identified herein as Grant Heights II Apartments (the "Project"); and

WHEREAS, the provision of the Loans (as hereinafter defined), is authorized by the Act and will accomplish a valid public purpose of the Issuer, and the Issuer has determined that it is in the public interest to issue the Series 2021A-1 Bond in the maximum principal amount of \$8,815,000, and to issue the Series 2021A-2 Bond in the maximum principal amount of \$_____, for the purpose of providing funding necessary for the acquisition and rehabilitation by the Borrower of the Project; and

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

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the Issuer has authorized the execution and delivery of this Indenture; and

WHEREAS, the Issuer has determined that all conditions, things and acts required by the Act and by all other laws of the State of California, to exist, have happened and have been

performed in satisfaction of conditions precedent to and in connection with the issuance of the Bonds exist, have happened, and have been performed in due time, form and manner as required by law, and the Issuer is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the Bonds for the purposes, in the manner and upon the terms herein provided; and

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

A G R E E M E N T :

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

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

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

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

The term “Agreement” or “Loan Agreement” shall mean the Loan Agreement, dated as of March 1, 2021, among the Issuer, the Borrower and the initial Bondowner Representative, pursuant to which the Issuer agrees to lend the proceeds of the Bonds to the Borrower, as originally executed or as it may from time to time be supplemented or amended in accordance with its terms.

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

The term “Authorized Amount” means, with respect to the Series 2021A-1 Bond, \$8,815,000, the authorized maximum principal amount of the Series 2021A-1 Bond; and means, with respect to the Series 2021A-2 Bond, \$_____, the authorized maximum principal amount of the Series 2021A-2 Bond.

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

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

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

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

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

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

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

The term “Bond Year” shall mean the one-year period beginning on March 1 in each year and ending the last day in February in the following year, except that the first Bond Year shall begin on the Closing Date and end on February 28, 2022.

The term “Bonds” means, collectively, the Series 2021A-1 Bond and the Series 2021A-2 Bond.

The term “Borrower” shall mean Grant Heights II, L.P., a California limited partnership, and its respective successors and assigns under the applicable provisions of the Loan Agreement, the Regulatory Agreements and the Disbursement Agreement.

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

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

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

The term "City" means the City of San Diego, California.

The term "Closing Date" shall mean March __, 2021, the date of initial delivery of the Bonds and funding of the Initial Disbursement.

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

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

The term "Costs of Issuance" means the fees, costs, expenses and other charges incurred in connection with the issuance of the Bonds, the negotiation and preparation of the Indenture and each of the other Loan Documents and shall include, but shall not be limited to, the following: (a) counsel fees (including but not limited to Bond Counsel, Issuer's counsel, Trustee's counsel, Borrower's counsel and Bondowner Representative's counsel); (b) municipal advisor fees incurred in connection with the issuance of the Bonds; (c) initial Trustee acceptance and set-up fees and expenses (including fees of the counsel to the Trustee) incurred in connection with the issuance of the Bonds; (d) printing costs (for the Bonds and of any preliminary and final offering materials); (e) any recording fees; (f) any additional fees charged by the Issuer related to the issuance of the Bonds; and (g) costs incurred in connection with the required public notices generally and costs of the public hearing with respect to the Series 2021A-1 Bond.

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

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

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

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

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

The term “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 (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Obligation-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Department of the Treasury, Bureau of Public Debt, or (d) the investment is the Local Agency Investment Fund of the State of California, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

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

The term “Indenture” shall mean this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture entered into pursuant to the provisions hereof.

The term “Initial Disbursement” means the initial advance of the proceeds of the Series 2021A-1 Bonds on the Closing Date in an amount equal to \$_____.

The term “Interest Payment Date” shall mean the first calendar day of each month, commencing April 1, 2021.

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

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

(b) shares of an investment company (1) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, (2) whose only investments are in (i) securities described in the preceding clause (a), (ii) general obligation tax-exempt securities rated “A” or better by the Rating Agency, or (iii) repurchase agreements or reverse repurchase agreements fully collateralized by those securities if the repurchase agreements or reverse repurchase agreements are entered into only with those primary dealers which report to the Federal Reserve Bank

of New York or with the 100 largest United States commercial banks, and (3) which are rated Am or Am-g or better by the Rating Agency, including money market funds for which the Trustee and its affiliates receive and retain a fee from the fund for providing investment advisory, transfer agency, custodial or other management services;

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

(d) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated "A-1" by the Rating Agency and matures in 270 days or less;

(e) any other investment which is a lawful investment for funds of the Issuer hereunder approved in writing by the Bondowner Representative.

The term "Investor's Letter" shall mean a letter from a purchaser of the Bonds in the form Exhibit B hereto.

The term "Investor Limited Partner" shall mean, collectively, RSEP Holding, LLC, a Delaware limited liability company, and Red Stone Equity Manager, LLC, a Delaware limited liability company, and their respective successors and assigns.

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

The term "Loan Documents" shall have the meaning given such term in the Loan Agreement.

The term "Loans" means, collectively, the Series 2021A-1 Loan and the Series 2021A-2 Loan.

The term "Maturity Date" shall mean, with respect to the Series 2021A-1 Bond, _____, 20__; and with respect to the Series 2021A-2 Bond, _____, 20__.

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

The term "Notes" means, collectively, the Series 2021A-1 Note and the Series 2021A-2 Note.

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

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

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

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

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

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

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

The term "Principal Payment Date" shall mean any date on which principal of either of the Loans is due and payable.

The term "Project" means the multifamily rental housing facilities to be acquired and rehabilitated by the Borrower with the proceeds of the Loans located at 2651-2663 J Street (28 units) and 3845 Winona Avenue (14 units) in San Diego, California, and any structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities, and a fee interest in the land on which such housing is situated.

The term "Project Costs" has the meaning given such term in the Regulatory Agreements.

The term "Qualified Project Costs" shall have the meaning ascribed thereto in the Regulatory Agreements.

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

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

The term "Rebate Fund" means the fund by that name established pursuant to Section 6.07 hereof.

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

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

The term “Regulatory Agreements” shall mean, collectively, the two Regulatory Agreements and Declarations of Restrictive Covenants, each of even date herewith, each by and between the Issuer and the Borrower, one related to the dwelling units located at 2651-2663 J Street in the City and one related to the dwelling units located at 3845 Winona Avenue in the City, as they may be amended, supplemented or restated from time to time.

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

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

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

The term “Series 2021A-1 Bond” shall mean the Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Grant Heights II Apartments), Series 2021A-1, issued and Outstanding hereunder.

The term “Series 2021A-2 Bond” shall mean the Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Grant Heights II Apartments), Series 2021A-2, issued and Outstanding hereunder.

The term “Series 2021A-1 Loan” shall mean the loan of the proceeds of the Series 2021A-1 Bond made by the Issuer to the Borrower pursuant to the Loan Agreement for the purpose of financing costs of the acquisition and rehabilitation of the Project.

The term “Series 2021A-2 Loan” shall mean the loan of the proceeds of the Series 2021A-2 Bond made by the Issuer to the Borrower pursuant to the Loan Agreement for the purpose of financing costs of the acquisition and rehabilitation of the Project.

The term “Series 2021A-1 Note” shall mean the promissory note evidencing the obligation of the Borrower to repay the Series 2021A-1 Loan, in the form required by the Loan Agreement, as amended or supplemented from time to time.

The term “Series 2021A-2 Note” shall mean the promissory note evidencing the obligation of the Borrower to repay the Series 2021A-2 Loan, in the form required by the Loan Agreement, as amended or supplemented from time to time.

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

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

The term “Tax Certificate” means the Certificate as to Arbitrage and Tax Compliance Procedures, dated the Closing Date executed and delivered by the Issuer and the Borrower on the Closing Date.

The term “Title Company” means Chicago Title Insurance Company.

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

Section 1.02. Rules of Construction.

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

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

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

ARTICLE II

THE BONDS

Section 2.01. Authorization. There is hereby authorized to be issued a bond of the Issuer designated as “Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Grant Heights II Apartments), Series 2021A-1” in the initial aggregate principal amount of up to \$8,815,000, subject to funding over time, as provided herein; and there is hereby authorized to be issued a bond of the Issuer designated as “Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Grant Heights II Apartments), Series 2021A-2” in the initial aggregate principal amount of up to \$_____, subject to funding over time, as provided herein. No Bonds may be issued hereunder except in accordance with this Article. The maximum aggregate principal amount of a Bond which may be issued and Outstanding under this Indenture shall not exceed the applicable Authorized Amount.

Section 2.02. Terms of Bonds. The Series 2021A-1 Bond shall be substantially in the form set forth in Exhibit A-1 hereto with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture, including any supplemental indenture; and the Series 2021A-2 Bond shall be substantially in the form set forth in Exhibit A-2 hereto with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture, including any supplemental indenture.

The Series 2021A-1 Bond shall be issuable only as a single fully registered bond, without coupons in the principal amount equal to the aggregate of the purchase price of the Series 2021A-1 Bond advanced from time to time by the owner of the Series 2021A-1 Bond (which principal amount shall be, on the Closing Date, equal to the amount of the Initial Disbursement). The Series 2021A-2 Bond shall be issuable only as a single fully registered bond, without coupons in the principal amount equal to the aggregate of the purchase price of the Series 2021A-2 Bond advanced from time to time by the owner of the Series 2021A-2 Bond. Notwithstanding the foregoing, no purchase price of a Bond shall be funded after March 1, 2024 unless there is delivered to the Trustee an opinion of Bond Counsel to the effect that such funding will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Series 2021A-1 Bond. The Bonds shall be dated the Closing Date, shall mature on and be payable in full on their respective Maturity Date, and shall be subject to redemption prior to maturity as provided in Article IV.

The Series 2021A-1 Bond shall bear interest, payable on each Interest Payment Date, at the Interest Rate and for the period beginning on the Amortization Commencement Date at the Term Loan Rate, as such capitalized terms are defined in and pursuant to and in accordance with the terms of the Series 2021A-1 Note (subject to such exceptions and conditions as are set forth in the Series 2021A-1 Note). Notwithstanding the foregoing, the Series 2021A-1 Bond shall bear interest at the Default Rate upon the occurrence of an Event of Default hereunder or under the Loan Agreement or at a Taxable Rate upon a Notice of Taxability, as such capitalized terms are defined in the Series 2021A-1 Note.

The Series 2021A-2 Bond shall bear interest, payable on each Interest Payment Date, at the Interest Rate and for the period beginning on the Amortization Commencement Date at the Term Loan Rate, as such capitalized terms are defined in and pursuant to and in accordance with the terms of the Series 2021A-2 Note (subject to such exceptions and conditions as are set forth in the Series 2021A-2 Note). Notwithstanding the foregoing, the Series 2021A-2 Bond shall bear interest at the Default Rate upon the occurrence of an Event of Default hereunder or under the Loan Agreement.

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

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

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

Section 2.03. Payment of Bonds. Payment of the principal of and interest on the Bonds shall be made in lawful money of the United States to the person appearing on the Bond registration books of the Trustee as the registered owner thereof on the applicable Interest Payment Date, such principal and interest to be paid by check mailed on the Interest Payment Date by first class mail, postage prepaid, to the registered owner at its address as it appears on such registration books, except that the Trustee may, at the request of the registered owner of Bonds, make payments of principal and interest on the Bonds by wire transfer to the account within the United States designated by such owner to the Trustee in writing, any such designation to remain in effect until withdrawn in writing. Notwithstanding the foregoing, unless otherwise notified in writing by the Bondowner Representative, the Trustee shall make all payments of principal of and interest on the Bonds to the Bondowner Representative to the extent funds are on deposit with the Trustee for such payments under this Indenture.

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

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

Section 2.05. Transfer of Bonds.

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

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

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

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

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

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

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

The Bondowner and the Bondowner Representative shall not sell any participation interest in the Loans, except to a transferee of the Bonds, without the prior written consent of the Issuer. The Bondowner may sell participation interests in the Bonds, without the need for consent of the Issuer, so long as they are only sold in minimum denominations of \$100,000 to Sophisticated Investors that provide an Investor's Letter to the Trustee and the Issuer.

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

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

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

Section 2.06. Bond Register. The Issuer hereby appoints the Trustee as registrar and authenticating agent for the Bonds. The Trustee will keep or cause to be kept at its Principal Office sufficient books for the registration, notation of principal and transfer of the Bonds, which shall at all reasonable times upon reasonable notice be open to inspection by the Issuer and the Borrower; and, upon presentation for such purpose, the Trustee as registrar shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, the Bonds as hereinbefore provided.

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

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

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

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

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

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

(c) a Written Order of the Issuer to the Trustee to authenticate and deliver the Bonds to the initial Bondowner as directed in such Written Order, upon the remission by the Bondowner of the initial purchase price of the Series 2021A-1 Bond, in the amount of the Initial Disbursement, to the Title Company;

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

(e) one or more opinions of Bond Counsel and the City of San Diego Attorney's Office with respect to the due execution and delivery of the Indenture, Loan Agreement and Bonds and the exclusion from gross income of the Bondholder of interest on the Series 2021A-1 Bond for federal income tax purposes.

Section 3.02. Application of Proceeds of Bonds/Draw Down Provisions. The Initial Disbursement and subsequent disbursements of the proceeds received from the sale of the

Bonds shall be made in accordance with Section 3.03 of this Indenture. The Bondowner shall fund the purchase prices of the Bonds from time to time by funding advances of principal of the Loans pursuant to the Loan Agreement and Disbursement Agreement, and as otherwise provided in this paragraph (with respect to the Initial Disbursement), and as provided in Section 3.03(b). Amounts funded in such manner, other than the Initial Disbursement which shall be disposed of as described in Section 3.01(c) and amounts advanced to pay interest on the Bonds as described in Section 3.03(b), shall be remitted by the Bondowner to the Trustee and shall be deposited by the Trustee into the Bond Proceeds Account of the Construction Fund in accordance with Section 3.03(a) of this Indenture. The Trustee shall note such amount in its records (including the amount of the Initial Disbursement and any amounts described in Section 3.03(b) of which written notice has been provided by the Bondowner to the Trustee), and the Trustee's records, absent manifest error, shall be dispositive of the principal amount of each Bond so advanced by the Bondowner. Such amounts shall constitute the Disbursed Amount, and shall begin to accrue interest, only upon transfer of such amounts by the Bondowner to the Trustee for deposit in the Construction Fund, except that interest shall accrue on the amount of the Initial Disbursement on the Series 2021A-1 Bond as of the Closing Date, and interest shall accrue on advances by the Bondowner as described in Section 3.03(b) when and as any such amounts are so advanced (as described in the written notices provided by the Bondowner to the Trustee as described in Section 3.03(b)).

The Initial Disbursement shall constitute an initial funding of the purchase price of the Series 2021A-1 Bond, and an initial funding of the Series 2021A-1 Loan evidenced by the Series 2021A-1 Note. Unless otherwise notified in writing by the Bondowner delivered to the Trustee, with a copy to the Issuer, each subsequent advance by the Bondowner of the purchase price of the Bonds to the Trustee shall be attributable to the Series 2021A-__ Bond until the total purchase price so advanced equals the maximum Authorized Amount of such Bond, and shall thereafter be attributable to the Series 2021A-__ Bond. The Trustee shall record each payment by the Bondowner of the purchase price of a Bond on the applicable Bond and otherwise in its records for the applicable Bond.

Notwithstanding anything herein to the contrary, the purchase price of a series of the Bonds funded by the Bondowner may not exceed the respective Authorized Amount (and the Trustee shall not record any advances which would cause the principal amount of a series of the Bonds to exceed such applicable Authorized Amount). In no event may additional amounts be funded after March 1, 2024 unless there is delivered to the Trustee an opinion of Bond Counsel to the effect that such funding will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Series 2021A-1 Bond.

Section 3.03. Disbursement of Bond Proceeds; Establishment of Construction Fund. There is hereby created and established with the Trustee a separate fund which shall be designated the "Construction Fund," which fund shall be applied only as provided in this Section. Within the Construction Fund there shall be created a Bond Proceeds Account to be held by the Trustee. The Initial Disbursement on the Closing Date shall be funded by the Bondowner pursuant to the Loan Agreement and the Disbursement Agreement, and shall be remitted by the Bondowner to the Title Company, as described in Section 3.01(c), and shall constitute an initial funding of the Series 2021A-1 Loan. Except as provided in paragraph (b) below, all subsequent advances by the Bondowner of the purchase prices of the Bonds shall be remitted by the Bondowner to the Trustee, and shall be deposited by the Trustee into the Bond Proceeds Account of the Construction Fund for payment to or upon the order of the Borrower to pay Qualified Project Costs upon compliance by the Borrower with the applicable provisions of the Loan Agreement and the Disbursement Agreement, as described in paragraph (a) below.

(a) Each advance of the purchase price of a Bond shall be treated as a concurrent funding of the related Loan. Funds on deposit in the Construction Fund, and any interest earnings thereon, shall be transferred by the Trustee to the Borrower (or, at the direction of the Bondowner Representative, to such contractors or subcontractors as specified in writing to the Trustee by the Bondowner) for the payment of Project Costs (as defined in the Regulatory Agreements) approved by the Bondowner Representative. The Issuer hereby authorizes and directs the disbursement by the Trustee of the amounts deposited in the Construction Fund in accordance with this Indenture to or upon the order of the Borrower (or, at the direction of the Bondowner Representative, to such contractors or subcontractors as specified in writing to the Trustee by the Bondowner) from time to time upon receipt by the Trustee of a disbursement request from the Borrower in the form attached hereto as Exhibit C, and a written consent executed by the Bondowner Representative evidencing a determination of the Bondowner Representative that the conditions to disbursement contained in the Disbursement Agreement have been satisfied or waived.

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

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

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

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

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

ARTICLE IV

REDEMPTION OF BONDS

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

(a) The Series 2021A-1 Bond shall be subject to redemption in whole or in part on any date, at a price equal to the principal amount of the Series 2021A-1 Bond to be redeemed plus interest accrued thereon to the date fixed for redemption, plus any applicable prepayment premium, as provided in the Series 2021A-1 Note, the Loan Agreement or the Disbursement Agreement; provided, however, that any other charges then due and payable pursuant to the Series 2021A-1 Note, the Loan Agreement or the Disbursement Agreement shall be paid in full (or, in connection with a partial redemption of the Series 2021A-1 Bond, paid in proportion to the amount of the Series 2021A-1 Bond being so redeemed) on the redemption date.

(b) The Series 2021A-2 Bond shall be subject to redemption in whole or in part on any date, at a price equal to the principal amount of the Series 2021A-2 Bond to be redeemed plus interest accrued thereon to the date fixed for redemption, plus any applicable prepayment premium, as provided in the Series 2021A-2 Note, the Loan Agreement or the Disbursement Agreement; provided, however, that any other charges then due and payable pursuant to the Series 2021A-2 Note, the Loan Agreement or the Disbursement Agreement shall be paid in full (or, in connection with a partial redemption of the Series 2021A-2 Bond, paid in proportion to the amount of the Series 2021A-2 Bond being so redeemed) on the redemption date.

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

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

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

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

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

ARTICLE V

REVENUES

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

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

THE BONDS ARE A LIMITED, SPECIAL OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY AND ONLY FROM THE TRUST ESTATE AND ANY OTHER REVENUES, FUNDS AND ASSETS PLEDGED UNDER THIS INDENTURE. NONE OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON

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

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

The Issuer shall not be liable for payment of the principal of or interest on the Bonds or any other costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

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

The Trustee shall credit to the Bond Fund from time to time, upon receipt thereof, all Revenues, including (i) income received from the investment of moneys on deposit in the Bond Fund, and (ii) any other Revenues, including insurance proceeds, condemnation awards and other Loan payments or prepayments received from or for the account of the Borrower.

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

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

Section 5.03. Investment of Moneys. Except as otherwise provided in this Section, any moneys in any of the funds and accounts to be established by the Trustee pursuant to this Indenture shall be invested by the Trustee in Investment Securities selected and directed in writing by the Borrower, with respect to which payments of principal thereof and interest thereon are scheduled or otherwise payable not later than one day prior to the date on which it

is estimated that such moneys will be required by the Trustee to make any payment required hereunder. In the absence of such directions, the Trustee shall invest such monies in Investment Securities set forth in a standing investment instruction of the Borrower delivered to the Trustee prior to the issuance of the Bonds. In the absence of such standing investment instructions, the Trustee shall hold the monies uninvested. The Trustee shall have no liability or responsibility for any loss resulting from any investment made in accordance with the Borrower's investment instructions, except for those arising from the willful misconduct or fraud on the part of the Trustee.

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

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

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

The Trustee may make any and all investments permitted under this Section 5.03 through its own trust or banking department or any affiliate and may pay said department reasonable, customary fees for placing such investments. The Trustee and its affiliates may act as principal, agent, sponsor, advisor or depository with respect to Investment Securities under this Section 5.03.

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

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

ARTICLE VI

COVENANTS OF THE ISSUER

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

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

Section 6.03. Compliance with Indenture. The Issuer shall not issue, or permit to be issued, any bonds secured or payable in any manner out of Revenues other than in accordance with the provisions of this Indenture; it being understood that the Issuer reserves the right to issue obligations payable from and secured by sources other than the Revenues and the assets assigned herein. Subject to Section 6.12, 6.13 and 6.14 hereof, the Issuer shall faithfully observe and perform all the covenants, conditions and requirements expressly to be observed and performed by it hereunder. So long as the Bonds are Outstanding, the Issuer shall not create any pledge, lien or charge of any type whatsoever upon all or any part of the Revenues, other than the lien of this Indenture.

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

Section 6.05. No Arbitrage. The Issuer shall not knowingly take, nor knowingly permit or suffer to be taken by the Trustee or otherwise, any action with respect to the gross proceeds of the Bonds which would cause the Series 2021A-1 Bond to be an "arbitrage bond" within the meaning of Section 148(a) of the Code and Regulations promulgated thereunder. The Issuer will, additionally, comply with its obligations under and pursuant to the Tax Certificate.

Section 6.06. Limitation of Expenditure of Proceeds. To the best knowledge of the Issuer, and based solely upon the Borrower's representations in the Borrower's Certificate

Regarding Use of Proceeds dated the Closing Date and the covenants by the Borrower in Section 5.03 of the Loan Agreement and in the Regulatory Agreements, not less than 97% of the face amount of the Series 2021A-1 Bond, plus premium (if any) paid on the purchase of the Series 2021A-1 Bond by the original purchaser thereof from the Issuer, less original issue discount, will be used for Qualified Project Costs and less than 25% of such amount will be used for acquisition of land or an interest in land.

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

Within 55 days of the end of each fifth Bond Year and/or within 55 days of payment in full of the Series 2021A-1 Bond, the Trustee shall request and the Borrower shall cause the Rebate Analyst to calculate the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any exceptions with respect to the computation of the rebatable arbitrage, described in Section 148(f)(4)(B) and (C) of the Code)), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Regulations (the "Rebatable Arbitrage").

Within 55 days of the end of each fifth Bond Year and within 55 days of payment in full of the Series 2021A-1 Bond, upon the written direction of the Issuer, Bond Counsel or the Rebate Analyst, an amount shall be deposited to the Rebate Fund by the Trustee from amounts provided by the Borrower, if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebateable Arbitrage so calculated in accordance with the preceding paragraph.

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

(i) Not later than 60 days after the end of (A) the fifth Bond Year, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebateable Arbitrage calculated as of the end of such Bond Year; or

(ii) Not later than 60 days after the payment of the Series 2021A-1 Bond in full, an amount equal to 100% of the Rebateable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebateable Arbitrage, computed in accordance with Section 148(f) of the Code.

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

Notwithstanding any provision of this Indenture to the contrary, the obligation to remit payment of the Rebatable Arbitrage to the United States and to comply with all other requirements of this Section 6.07, Sections 2.06 and 5.03(c) of the Loan Agreement, the requirements of Sections 2(h) of the Regulatory Agreements and the requirements of the Tax Certificate shall survive the defeasance or payment in full of the Series 2021A-1 Bond.

Any funds remaining in the Rebate Fund after redemption and payment of the Series 2021A-1 Bond and payment and satisfaction of any Rebate Requirement, or provision made therefor in accordance with the written direction of the Issuer, the Rebate Analyst or Bond Counsel, shall be withdrawn by the Trustee and remitted to the Borrower.

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

Notwithstanding the foregoing, the computations and payments of Rebatable Arbitrage need not be made to the extent that neither the Issuer nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code, based on an opinion of Bond Counsel to the effect that such failure will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2021A-1 Bond, a copy of which shall be provided to the Trustee, at the expense of the Borrower.

Section 6.08. Limitation on Issuance Costs. To the best knowledge of the Issuer, based solely upon the Borrower's representations in the Loan Agreement and the Regulatory Agreements, from the proceeds of the Bonds received from the original purchaser thereof and investment earnings thereon, an amount not in excess of two percent (2%) of the face amount of the Series 2021A-1 Bond will be used to pay for, or provide for the payment of, Costs of Issuance.

Section 6.09. Federal Guarantee Prohibition. The Issuer shall take no action if the result of the same would be to cause the Series 2021A-1 Bond to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 6.10. Prohibited Facilities. To the best knowledge of the Issuer, based solely upon the Borrower's representations in the Loan Agreement and the Regulatory Agreements, no portion of the proceeds of the Series 2021A-1 Bond will be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. To the best knowledge of the Issuer, based solely upon the Borrower's representations in the Loan Agreement and the Regulatory Agreements, no portion of the proceeds of the Series 2021A-1 Bond will be used for an office unless the office is located on the premises of the facilities constituting the Project and unless not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

Section 6.11. Use Covenant. The Issuer shall not, based solely upon the Borrower's representations in the Loan Agreement and the Regulatory Agreements, use any proceeds of the Bonds or any other funds of the Issuer, directly or indirectly, in any manner, and shall not take any other action or actions, which would result in the Series 2021A-1 Bond being treated as an

obligation not described in Section 142(d) of the Code by reason of the Series 2021A-1 Bond not meeting the requirements of Section 142(d) of the Code.

Section 6.12. Immunities and Limitations of Responsibility of Issuer. The Issuer shall be entitled to the advice of counsel (who, except as otherwise provided, may be counsel for the Bondholder), and the Issuer shall be wholly protected as to action taken or omitted in good faith in reliance on such advice. The Issuer may rely conclusively on any communication or other document furnished to it hereunder and reasonably believed by it to be genuine. The Issuer shall not be liable for any action (a) taken by it in good faith and reasonably believed by it to be within its discretion or powers hereunder, or (b) in good faith omitted to be taken by it because such action was reasonably believed to be beyond its discretion or powers hereunder, or (c) taken by it pursuant to any direction or instruction by which it is governed hereunder, or (d) omitted to be taken by it by reason of the lack of any direction or instruction required hereby for such action; nor shall it be responsible for the consequences of any error of judgment reasonably made by it. The Issuer shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any person and shall be liable only for its willful misconduct. When any payment or consent or other action by it is called for under this Indenture or any Loan Document, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The Issuer shall not be required to take any remedial action (other than the giving of notice) unless indemnity in a form acceptable to the Issuer is furnished for any expense or liability to be incurred in connection with such remedial action, other than liability for failure to meet the standards set forth in this Section. The Issuer shall be entitled to reimbursement from the Borrower for its expenses reasonably incurred or advances reasonably made, with interest at the rate at which interest accrues from time to time on the Bond, in the exercise of its rights or the performance of its obligations hereunder or under any Loan Document, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which the Issuer may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power. The Borrower has indemnified the Issuer against certain acts and events as set forth in Section 4.01 of the Loan Agreement and Sections 9 of the Regulatory Agreements. Such indemnities shall survive payment of the Bonds and discharge of this Indenture.

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

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

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

Section 6.14. Limitation of Liability of Issuer and Its Officers, Employees and Agents.

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

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

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

ARTICLE VII

DEFAULT

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

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

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

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

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any trustee’s sale or foreclosure sale shall have occurred or judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, there shall have been deposited with the Trustee a sum sufficient to pay all the principal of the Bonds matured or required to be redeemed prior to such declaration and all matured installments of interest (if any) upon the Bonds, with interest on such overdue installments of principal and prepayment premium, to the extent applicable, and the reasonable fees and expenses of the Trustee, its agents and counsel, and any and all other defaults actually known to a Responsible Officer of the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or

provision deemed by the Bondowner Representative to be adequate shall have been made therefor, then the Bondowner Representative, by written notice to the Issuer and the Trustee, may, on behalf of the owner of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission, annulment or waiver shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

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

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

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

Section 7.03. Application of Moneys Collected by Bondowner Representative. Any moneys collected by the Bondowner Representative and the Trustee pursuant to Section 7.02 shall be deposited with the Trustee and applied in the following order, at the date or dates fixed by the Bondowner Representative with written notice to the Trustee and, in the case of distribution of such moneys on account of principal (or premium, if any) or interest, upon presentation of the Bonds and stamping thereon the payment, if only partially paid, and upon surrender thereof to the Trustee, if fully paid:

- First: For payment of all amounts due to the Trustee, then the Bondowner Representative, under Section 8.06.
- Second: For deposit in the Bond Fund to be applied to payment of the principal of the Bonds then due and unpaid and interest thereon with application as between principal and interest, and between the Bonds, as the Bondowner Representative shall determine in its sole discretion.

Third: For payment of all other amounts due from the Borrower to any person hereunder or under the Loan Agreement, the Notes or the other Loan Documents.

Fourth: To the Borrower.

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

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

Section 7.06. Covenant to Pay Bonds in Event of Default. The Issuer covenants that, upon the happening of any Event of Default, the Issuer will pay to the Trustee upon demand, but only out of Revenues and subject to all the limitations on liability of the Issuer set forth in Sections 6.12, 6.13 and 6.14 hereof, for the benefit of the owner of the Bonds, the whole amount then due and payable thereon (by declaration or otherwise) for interest or for principal, or both, as the case may be, and all other sums which may be due hereunder or secured hereby, including reasonable compensation to the Trustee, the Bondowner Representative, their agents and counsel, and any expenses or liabilities incurred by the Trustee or Bondowner Representative hereunder. In case the Issuer shall fail to pay the same forthwith upon such demand, the Trustee, at the direction of the Bondowner Representative, as trustee of an express trust, and upon being indemnified by the Bondholder to its satisfaction, shall institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, together with costs and reasonable attorneys' fees, subject, however, to the condition that such judgment, if any, shall be limited to, and payable solely out of Revenues and any other assets pledged, transferred or assigned to the Trustee under Section 5.01 as herein provided and not otherwise. The Bondowner Representative shall be entitled to recover such judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of this Indenture, and the right of the Bondowner Representative to recover such judgment shall not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture.

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

Section 7.08. Power of Bondowner Representative to Control Proceedings.

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

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

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

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

ARTICLE VIII

THE TRUSTEE AND AGENTS

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

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

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

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

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

(d) Before exercising its rights or powers hereunder, under the Regulatory Agreements or the Loan Agreement, including taking any action under the Regulatory Agreements, this Indenture or the Loan Agreement at the request or direction of the Bondholder or the Bondowner Representative, the Trustee may require that a satisfactory indemnity be furnished by the Bondholder for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability

which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken;

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

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

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

(h) [Reserved];

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

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

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

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

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

(n) The Trustee acknowledges that Borrower has an obligation to pay certain fees to the Issuer pursuant to Section 7(a) of the Regulatory Agreements. The Trustee further acknowledges that in order to preserve the tax-exempt status of interest on the Series 2021A-1 Bond, the Borrower must comply with requirements for rebate of excess investment earnings to the federal government to the extent applicable. The Trustee agrees to use commercially reasonable efforts to send the Borrower a notification or reminder of: (i) its payment obligations under said Section 7(a)(ii) of the Regulatory Agreements 30 days preceding each annual payment date therefor, commencing with the payment date on March 1, 2022, and ending on the date set forth in the Regulatory

Agreements; and (ii) the Borrower's obligation to make payments to the Rebate Fund as provided herein; and

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

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

In acting or omitting to act pursuant to the Loan Agreement, the Regulatory Agreements, the Deed of Trust or any other documents executed in connection herewith or therewith, the Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under this Indenture, the Regulatory Agreements and the Loan Agreement, including, but not limited to, this Article VIII.

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

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

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

(c) The Trustee may consult with counsel (who may be counsel for the Issuer, counsel for the Trustee or Bond Counsel) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel;

(d) Whenever in the administration of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering

any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Issuer or a certificate of the Bondowner Representative; and such Certificate of the Issuer or a certificate of the Bondowner Representative shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof;

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

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

Section 8.03. Trustee Not Responsible for Recitals. The recitals contained herein and in the Bonds shall be taken as the statements of the Issuer, and the Trustee assumes no

responsibility for the correctness of the same or for the correctness of the recitals in the Loan Agreement or the Regulatory Agreements. The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Bonds. The Trustee makes no representations as to the value or condition of any assets pledged or assigned as security for the Bonds, or as to the right, title or interest of the Issuer therein, or as to the security provided thereby or by this Indenture, the Loan Agreement or the Deed of Trust, or as to the compliance of the Project with the Act, or as to the tax-exempt status of the Series 2021A-1 Bond, or as to the technical or financial feasibility of the Project, or as to the validity or sufficiency of this Indenture as an instrument of the Issuer or of the Bonds as an obligation of the Issuer. The Trustee shall not be accountable for the use or application by the Bondowner of the Bonds authenticated or delivered hereunder or of the use or application of the proceeds of such Bonds by the Borrower or its agents.

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

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

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

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

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

Bonds, which amounts shall be held solely for the benefit of the Bondholder and used only for the payment of principal of and premium, if any, and interest on the Bonds. The Bondowner Representative's and the Trustee's rights to immunities, indemnities and protection from liability hereunder and their rights to payment of their fees and expenses shall survive such Bondowner Representative's and the Trustee's resignation or removal and final payment of the Bonds.

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

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

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

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

If such corporation, banking association, or trust company publishes reports of conditions at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such corporation, banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.08(b) below.

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

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

(b) Resignation of Trustee. The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the Issuer and to the Bondholder. Upon receiving such notice of resignation, the Borrower shall appoint a successor Trustee by an

instrument in writing with the written consent of the Bondowner Representative and the Issuer. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(c) Appointment of Successor Trustee. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon the acceptance of appointment of the successor Trustee; provided, however, that under any circumstances the successor Trustee shall be qualified as provided in subsection (a) of this Section. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or the Bondholder may at the expense of the Borrower petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Issuer and its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the written request of the Issuer or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance, including a quitclaim deed, and further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trust and conditions herein set forth. Upon request of the successor Trustee, the Issuer shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the successor Trustee shall mail, by first class mail, postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Bondholder at its address shown on the registration books.

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

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

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

Section 8.12. Proprietary or Confidential Information of the Issuer. The Trustee understands and agrees that, in the performance of the work or services under this Indenture or in contemplation thereof, the Trustee may have access to private or confidential information which may be owned or controlled by the Issuer and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to the Issuer. The Trustee agrees that all information disclosed by the Issuer to the Trustee shall be held in confidence and used only in performance of this Indenture; provided that, notwithstanding anything herein to the contrary, the foregoing shall not be construed to prohibit (i) disclosure of any and all information that is or becomes publicly known, or information obtained by Trustee from sources other than the other parties hereto, (ii) disclosure of any and all information (A) if required to do so by any applicable rule or regulation, (B) to any government agency or regulatory body having or claiming authority to regulate or oversee any aspects of Trustee's business or that of its affiliates, (C) pursuant to any subpoena, civil investigative demand or similar demand or request of any court, regulatory authority, arbitrator or arbitration to which Trustee or any affiliate or an officer, director, employee or shareholder thereof is a party or (D) to any affiliate, independent or internal auditor, agent, employee or attorney of Trustee having a need to know the same, provided that Trustee advises such recipient of the confidential nature of the information being disclosed, or (iii) any other disclosure authorized by the Issuer and the Indenture.

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

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

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

ARTICLE IX

MODIFICATION OF INDENTURE

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

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

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

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions of this Article IX, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee, the Bondowner Representative and the owner of the Bonds shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be part of the terms and conditions of this Indenture for any and all purposes.

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

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

ARTICLE X

DEFEASANCE

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

(a) by the payment of the principal of (including redemption premium, if any) and interest on the Bonds Outstanding; or

(b) by the delivery to the Trustee, for cancellation by it, of the Bonds Outstanding;

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

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

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

ARTICLE XI

MISCELLANEOUS

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

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

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

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

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

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

The Issuer: San Diego Housing Commission/Housing Finance
1122 Broadway, Suite 300
San Diego, CA 92101
Attention: Executive Director

The Bondowner Representative: Zions Bancorporation, N.A. dba California Bank
& Trust
1900 Main Street, Suite 200
Irvine, CA 92614
Attention: Michelle Ortega

with a copy to: Sheppard, Mullin, Richter & Hampton, LLP
650 Town Center Drive, 10th Floor
Costa Mesa, CA 92626
Attention: Ken Fox, Esq.

The Trustee: The Bank of New York Mellon Trust
Company, N.A.
400 South Hope Street, Suite 500
Los Angeles, CA 90071
Attention: Corporate Trust

The Borrower: Grant Heights II, L.P.
c/o San Diego Community Housing Corporation
6160 Mission Gorge Road #204
San Diego, CA 92120
Attention: Ted Miyahara, President & CEO

with a copy to: Gubb & Barshay LLP
505 14th Street, Suite 450
Oakland, CA 94612
Attention: Evan Gross, Esq.

and a copy to:

RESP Holding, LLC, and
Red Stone Equity Manager, LLC
1100 Superior Avenue, Suite 1640
Cleveland, OH 44114
Attention: General Counsel

and a copy to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West 5th Street, 64th Floor
Los Angeles, CA 90071
Attention: Kyle Arndt, Esq.

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

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

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

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

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

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

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

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

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

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

Section 11.12. Successors. Whenever in this Indenture any of the Issuer, the Trustee or the Bondowner Representative is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Issuer, the Trustee or the Bondowner Representative shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

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

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO has caused this Indenture to be signed in its name, and [Trustee], in token of its acceptance of the trust created hereunder, and the Bondowner Representative have each caused this Indenture to be signed in its respective name, all as of the day and year first above written.

HOUSING AUTHORITY OF THE CITY
OF SAN DIEGO

By: _____

Its: _____

19048.53;J17252

[Issuer's Signature Page to Grant Heights II Indenture of Trust]

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A. , as Trustee

By: _____
Authorized Signatory

19048.53;J17252

[Trustee's Signature Page to Grant Heights II Indenture of Trust]

ZIONS BANCORPORATION, N.A., DBA
CALIFORNIA BANK & TRUST, as
Bondowner Representative

By: _____
Mark A. Wolf,
First Vice President

19048.53;J17252

[Bondowner Representative's Signature Page to Grant Heights II Indenture of Trust]

EXHIBIT A-1

FORM OF SERIES 2021A-1 BOND

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

No. R-___

\$8,815,000.00

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA**

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BOND
(GRANT HEIGHTS II APARTMENTS)
SERIES 2021A-1**

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

PRINCIPAL SUM: EIGHT MILLION EIGHT HUNDRED FIFTEEN THOUSAND DOLLARS

ISSUE DATE: MARCH __, 2021

INTEREST RATE: VARIABLE

The Housing Authority of the City of San Diego, a public body, corporate and politic of the State of California, duly organized under the laws of the State of California (herein called the "Issuer"), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the Registered Owner identified above or registered assigns, on _____ 1, ____ (subject to prior redemption as provided in the Indenture) the sum of up to Eight Million Eight Hundred Fifteen Thousand Dollars (\$8,815,000) in lawful money of the United States, with interest thereon from the date of disbursement until paid at the above Interest Rate or as otherwise described below. The actual unpaid principal hereof shall be equal to the purchase price hereof paid by the Bondowner under the Indenture and the Loan Agreement to fund the Series 2021A-1 Loan, less any portion of the principal hereof redeemed pursuant to the Indenture. Capitalized terms used in this Bond and not defined herein shall have the meanings given such terms in the Indenture referenced below, or in the Series 2021A-1 Note, dated as of March 1, 2021, made by Grant Heights II, L.P., a California limited partnership (the "Borrower"), to the order of the Issuer.

This Bond shall bear interest, payable on each Interest Payment Date corresponding and pursuant to and in accordance with the terms of the Series 2021A-1 Note. Notwithstanding the foregoing, this Bond shall bear interest at the Default Rate (not to exceed the Maximum Rate) under the conditions set forth therein and upon the occurrence of an Event of Default under the Indenture or under the Loan Agreement. Interest on this Bond shall be computed on the basis of a 360-day year and actual days elapsed.

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

In the event the Issuer fails to make the timely payment of any monthly payment, the Issuer shall pay interest on the then outstanding balance hereof at the Default Rate; provided, however, that such rate shall under no circumstances exceed the Maximum Rate. Upon a Notice of Taxability, as defined in the Series 2021A-1 Note, this Bond shall bear interest at the Taxable Rate, as defined in the Series 2021A-1 Note, provided, however, that such rate shall under no circumstances exceed the Maximum Rate.

This Bond shall be subject to redemption via monthly mandatory prepayment amounts and on the dates set forth in the Series 2021A-1 Note.

This Bond is a duly authorized bond of the Issuer designated as "Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Grant Heights II Apartments), Series 2021A-1" (the "Bond"), in the initial maximum principal amount of up to \$8,815,000. This Bond is issued in accordance with Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the "Act") and a resolution of the Board of Commissioners of the Issuer (the "Resolution"), and issued under and secured by an Indenture of Trust, dated as of March 1, 2021 (the "Indenture"), among the Issuer, The Bank of New York Mellon Trust Company, N.A., as the Trustee and Zions Bancorporation, N.A. dba California Bank & Trust, as initial Bondowner Representative. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owner of this Bond, of the nature and extent of the security, of the rights, duties and immunities the Trustee and the Bondowner Representative, and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the owner of this Bond, by acceptance hereof, assents and agrees. The proceeds of the this Bond will be used to make the Series 2021A-1 Loan to the Borrower pursuant to a Loan Agreement, dated as of March 1, 2021 (the "Loan Agreement") among the Issuer, Zions Bancorporation, N.A. dba California Bank & Trust, as initial Bondowner Representative, and the Borrower, to finance costs of the acquisition and rehabilitation of residential rental facilities located in the City of San Diego, California.

THIS BOND IS A LIMITED, SPECIAL OBLIGATION OF THE ISSUER, PAYABLE SOLELY AND ONLY FROM THE TRUST ESTATE AND ANY OTHER REVENUES, FUNDS AND ASSETS PLEDGED UNDER THE INDENTURE. NONE OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE ISSUER TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THIS BOND OR TO SATISFY ANY OTHER MONETARY OBLIGATIONS OF THE ISSUER UNDER THE LOAN DOCUMENTS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR ITS PAYMENT. THE REPAYMENT OF THIS BOND IS NOT SECURED BY A PLEDGE OF THE FAITH AND

CREDIT OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DOES THE BOND CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER.

NEITHER THE MEMBERS OF THE BOARD OF COMMISSIONERS OF THE ISSUER NOR THE OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS OF THE ISSUER SHALL BE PERSONALLY LIABLE FOR THE AMOUNTS OWING UNDER THE INDENTURE, THIS BOND OR ANY OF THE OTHER LOAN DOCUMENTS; AND THE BONDHOLDER'S REMEDIES IN THE EVENT OF A DEFAULT UNDER THE INDENTURE OR ANY OF THE LOAN DOCUMENTS SHALL BE LIMITED TO THOSE REMEDIES SET FORTH IN THE INDENTURE AND, IF A DEFAULT ALSO EXISTS UNDER THE LOAN AGREEMENT, THE SERIES 2021A-1 NOTE OR ANY OF THE OTHER LOAN DOCUMENTS, TO COMMENCE FORECLOSURE UNDER THE DEED OF TRUST AND THE OTHER LOAN DOCUMENTS AND THE EXERCISE OF THE POWER OF SALE UNDER THE DEED OF TRUST, AND ANY OF THE OTHER RIGHTS AND REMEDIES GRANTED UNDER THE LOAN DOCUMENTS. IN THE EVENT OF A DEFAULT UNDER THE INDENTURE OR THIS BOND, THE BONDHOLDER SHALL NOT HAVE THE RIGHT TO PROCEED DIRECTLY AGAINST THE ISSUER OR THE RIGHT TO OBTAIN A DEFICIENCY JUDGMENT FROM THE ISSUER AFTER FORECLOSURE. NOTHING CONTAINED IN THE FOREGOING SHALL LIMIT ANY RIGHTS OR REMEDIES THE ISSUER, TRUSTEE OR BONDHOLDER MAY HAVE AGAINST THE BORROWER.

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

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

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

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

This Bond is transferable by the registered owner hereof, in person, or by its attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations (including those contained in Section 2.05(b) of the Indenture) and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond will be issued to the transferee in exchange therefor. The Issuer and the Trustee may treat the registered owner hereof as the

absolute owner hereof for all purposes, and the Issuer and the Trustee shall not be affected by any notice to the contrary.

The schedule of drawings attached as Exhibit A hereto shall be used by the Trustee to record the payment of the purchase price of this Bond from time to time (such purchase price to be paid from time to time by the Holder of this Bond as provided in the Indenture and the Loan Agreement), which shall evidence the principal amount of this Bond purchased by the Bondowner from time to time. The Trustee shall credit any advanced funds toward the purchase price of this Bond on the schedule of drawings attached hereto as Exhibit A. The total amount outstanding under this Bond may not exceed \$8,815,000 at any time and no portion of the purchase price therefor shall be funded after March 1, 2024 unless there is delivered to the Trustee an opinion of Bond Counsel to the effect that such funding will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on this Bond.

The Indenture contains provisions permitting the Issuer, the Trustee and the Bondowner Representative to execute supplemental indentures adding provisions to, or changing or eliminating any of the provisions of, the Indenture, subject to the limitations set forth in the Indenture.

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

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

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

[Remainder of Page Intentionally Left Blank]

The Issuer has caused this Bond to be executed in its name by the facsimile signature of its authorized representative under its official seal, or a facsimile, all as of the date first written above.

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____

Its: _____

ATTEST:

By: _____
Deputy Secretary

CERTIFICATE OF AUTHENTICATION

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

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By: _____
Authorized Signatory

ASSIGNMENT

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

(Name, Address and Tax Identification or Social Security Number of Assignee)
the within Bond and do(es) hereby irrevocably constitute and appoint attorney, _____

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

Dated: _____

Signature Guaranteed:

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

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

SCHEDULE OF DRAWINGS

Purchase Amount	Purchase Date	Outstanding Principal	Signature of Trustee
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EXHIBIT A-2

FORM OF SERIES 2021A-2 BOND

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

No. R-___

\$_____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA**

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BOND
(GRANT HEIGHTS II APARTMENTS)
SERIES 2021A-2**

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

PRINCIPAL SUM: _____ DOLLARS

ISSUE DATE: MARCH __, 2021

INTEREST RATE: VARIABLE

The Housing Authority of the City of San Diego, a public body, corporate and politic of the State of California, duly organized under the laws of the State of California (herein called the "Issuer"), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the Registered Owner identified above or registered assigns, on _____ 1, ____ (subject to prior redemption as provided in the Indenture) the sum of up to _____ Million _____ Hundred _____ Thousand Dollars (\$_____) in lawful money of the United States, with interest thereon from the date of disbursement until paid at the above Interest Rate or as otherwise described below. The actual unpaid principal hereof shall be equal to the purchase price hereof paid by the Bondowner under the Indenture and the Loan Agreement to fund the Series 2021A-2 Loan, less any portion of the principal hereof redeemed pursuant to the Indenture. Capitalized terms used in this Bond and not defined herein shall have the meanings given such terms in the Indenture referenced below, or in the Series 2021A-2 Note, dated as of March 1, 2021, made by Grant Heights II, L.P., a California limited partnership (the "Borrower"), to the order of the Issuer.

This Bond shall bear interest, payable on each Interest Payment Date corresponding and pursuant to and in accordance with the terms of the Series 2021A-2 Note. Notwithstanding the foregoing, this Bond shall bear interest at the Default Rate (not to exceed the Maximum Rate) under the conditions set forth therein and upon the occurrence of an Event of Default under the Indenture or under the Loan Agreement. Interest on this Bond shall be computed on the basis of a 360-day year and actual days elapsed.

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

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

This Bond shall be subject to redemption via monthly mandatory prepayment amounts and on the dates set forth in the Series 2021A-2 Note.

This Bond is a duly authorized bond of the Issuer designated as "Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Grant Heights II Apartments), Series 2021A-2" (the "Bond"), in the initial maximum principal amount of up to \$_____. This Bond is issued in accordance with Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the "Act") and a resolution of the Board of Commissioners of the Issuer (the "Resolution"), and issued under and secured by an Indenture of Trust, dated as of March 1, 2021 (the "Indenture"), among the Issuer, The Bank of New York Mellon Trust Company, N.A., as the Trustee and Zions Bancorporation, N.A. dba California Bank & Trust, as initial Bondowner Representative. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owner of this Bond, of the nature and extent of the security, of the rights, duties and immunities the Trustee and the Bondowner Representative, and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the owner of this Bond, by acceptance hereof, assents and agrees. The proceeds of this Bond will be used to make the Series 2021A-2 Loan to the Borrower pursuant to a Loan Agreement, dated as of March 1, 2021 (the "Loan Agreement") among the Issuer, Zions Bancorporation, N.A. dba California Bank & Trust, as initial Bondowner Representative, and the Borrower, to finance costs of the acquisition and rehabilitation of residential rental facilities located in the City of San Diego, California.

THIS BOND IS A LIMITED, SPECIAL OBLIGATION OF THE ISSUER, PAYABLE SOLELY AND ONLY FROM THE TRUST ESTATE AND ANY OTHER REVENUES, FUNDS AND ASSETS PLEDGED UNDER THE INDENTURE. NONE OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE ISSUER TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THIS BOND OR TO SATISFY ANY OTHER MONETARY OBLIGATIONS OF THE ISSUER UNDER THE LOAN DOCUMENTS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR ITS PAYMENT. THE REPAYMENT OF THIS BOND IS NOT SECURED BY A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DOES THE BOND CONSTITUTE INDEBTEDNESS

WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER.

NEITHER THE MEMBERS OF THE BOARD OF COMMISSIONERS OF THE ISSUER NOR THE OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS OF THE ISSUER SHALL BE PERSONALLY LIABLE FOR THE AMOUNTS OWING UNDER THE INDENTURE, THIS BOND OR ANY OF THE OTHER LOAN DOCUMENTS; AND THE BONDHOLDER'S REMEDIES IN THE EVENT OF A DEFAULT UNDER THE INDENTURE OR ANY OF THE LOAN DOCUMENTS SHALL BE LIMITED TO THOSE REMEDIES SET FORTH IN THE INDENTURE AND, IF A DEFAULT ALSO EXISTS UNDER THE LOAN AGREEMENT, THE SERIES 2021A-2 NOTE OR ANY OF THE OTHER LOAN DOCUMENTS, TO COMMENCE FORECLOSURE UNDER THE DEED OF TRUST AND THE OTHER LOAN DOCUMENTS AND THE EXERCISE OF THE POWER OF SALE UNDER THE DEED OF TRUST, AND ANY OF THE OTHER RIGHTS AND REMEDIES GRANTED UNDER THE LOAN DOCUMENTS. IN THE EVENT OF A DEFAULT UNDER THE INDENTURE OR THIS BOND, THE BONDHOLDER SHALL NOT HAVE THE RIGHT TO PROCEED DIRECTLY AGAINST THE ISSUER OR THE RIGHT TO OBTAIN A DEFICIENCY JUDGMENT FROM THE ISSUER AFTER FORECLOSURE. NOTHING CONTAINED IN THE FOREGOING SHALL LIMIT ANY RIGHTS OR REMEDIES THE ISSUER, TRUSTEE OR BONDHOLDER MAY HAVE AGAINST THE BORROWER.

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

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

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

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

This Bond is transferable by the registered owner hereof, in person, or by its attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations (including those contained in Section 2.05(b) of the Indenture) and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond will be issued to the transferee in exchange therefor. The Issuer and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Issuer and the Trustee shall not be affected by any notice to the contrary.

The schedule of drawings attached as Exhibit A hereto shall be used by the Trustee to record the payment of the purchase price of this Bond from time to time (such purchase price to be paid from time to time by the Holder of this Bond as provided in the Indenture and the Loan Agreement), which shall evidence the principal amount of this Bond purchased by the Bondowner from time to time. The Bondowner shall credit any advanced funds toward the purchase price of this Bond on the schedule of drawings attached hereto as Exhibit A. The total amount outstanding under this Bond may not exceed \$_____ at any time and no portion of the purchase price therefor shall be funded after March 1, 2024 unless there is delivered to the Trustee an opinion of Bond Counsel to the effect that such funding will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Series 2021A-1 Bond.

The Indenture contains provisions permitting the Issuer, the Trustee and the Bondowner Representative to execute supplemental indentures adding provisions to, or changing or eliminating any of the provisions of, the Indenture, subject to the limitations set forth in the Indenture.

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

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

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

[Remainder of Page Intentionally Left Blank]

The Issuer has caused this Bond to be executed in its name by the facsimile signature of its authorized representative under its official seal, or a facsimile, all as of the date first written above.

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____

Its: _____

[SEAL]

ATTEST:

By: _____
Deputy Secretary

CERTIFICATE OF AUTHENTICATION

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

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By: _____
Authorized Signatory

ASSIGNMENT

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

(Name, Address and Tax Identification or Social Security Number of Assignee)
the within Bond and do(es) hereby irrevocably constitute and appoint attorney, _____

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

Dated: _____

Signature Guaranteed:

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

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

SCHEDULE OF DRAWINGS

Purchase Amount	Purchase Date	Outstanding Principal	Signature of Trustee
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EXHIBIT B
FORM OF INVESTOR'S LETTER

[Date]

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

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Housing Authority of the City of San Diego
Multifamily Housing Revenue Bond
(Grant Heights II Apartments)
Series 2021A-1
and
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bond
(Grant Heights II Apartments)
Series 2021A-2

Ladies and Gentlemen:

The undersigned (the "Investor") hereby represents and warrants to you as follows:

(a) The Investor is a Sophisticated Investor, as defined in Section 1.01 of the Indenture of Trust, dated as of March 1, 2021 (the "Indenture of Trust"), among the Issuer, Zions Bancorporation, N.A. dba California Bank & Trust, N.A. and The Bank of New York Mellon Trust Company, N.A., as Trustee.

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

(c) The Investor is acquiring the Bonds solely for its own account for investment purposes, and does not presently intend to make a public distribution of, or to resell or transfer, all or any part of the Bonds, except as permitted by Section 2.05 of the Indenture of Trust.

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

(e) The Investor is familiar with the conditions, financial and otherwise, of the Borrower (as such term is used in the Indenture of Trust) and understands that the Borrower has no significant assets other than the Project (as defined in the Indenture of Trust) for payment of the Loans (as defined in the Indenture of Trust). Further, the Investor understands that the Bonds involve a high degree of risk. Specifically, and without in any manner limiting the

foregoing, the Investor understands and acknowledges that, among other risks, the Bonds are payable solely from payments made by the Borrower on the Loans. The Investor has been provided an opportunity to ask questions of, and the Investor has received answers from, representatives of the Borrower regarding the terms and conditions of the Bonds and the Loans. The Investor has obtained all information requested by it in connection with the issuance of the Bonds as it regards necessary to evaluate all merits and risks of its investment in the Bonds. The Investor has reviewed the documents executed in conjunction with the issuance of the Bonds, including, without limitation, the Bonds, the Indenture of Trust, the Notes (as such term is defined in the Indenture of Trust) and the Loan Agreement.

(f) The Investor has entered into no arrangements with the Borrower or with any affiliate in connection with the Bonds, other than as disclosed in writing to the Issuer.

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

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

(i) The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the Issuer, the City of San Diego, the State of California or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the Issuer, the City of San Diego, the State of California or any political subdivision thereof; that no right will exist to have taxes levied by the State of California or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the Issuer with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture of Trust.

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

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

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

(m) The Investor acknowledges that the Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the Issuer has not undertaken to provide any continuing disclosure with respect to the Bonds.

(n) The Investor acknowledges that interest on the Series 2021A-1 Bond is not excludable from gross income of the owner thereof for federal income tax purposes for any period during which the Series 2021A-1 Bond is owned by a person who is a substantial user of the facilities financed by the Series 2021A-1 Bond or any person considered to be related to such substantial user (within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended).

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

Very truly yours,

ZIONS BANCORPORATION, N.A. DBA
CALIFORNIA BANK & TRUST, as Bond
Purchaser

By: _____
Mark A. Wolf,
First Vice President

[Signature Page to Grant Heights II Investor Letter]

EXHIBIT C

FORM OF CONSTRUCTION FUND DISBURSEMENT REQUEST

DRAW NUMBER []

To: The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") under that certain Indenture of Trust, dated as of March 1, 2021 (the "Indenture"), among the Trustee, the Housing Authority of the City of San Diego and Zions Bancorporation, N.A. dba California Bank & Trust, as the initial Bondowner Representative.

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

2. The undersigned certifies that:

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

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

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

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

(v) not less than 97% of the sum of: (A) the amounts requested by this disbursement request to be funded with the proceeds of the Series 2021A-1 Bond plus (B) all amounts allocated to the Series 2021A-1 Bond previously disbursed from the Construction Fund, have been or will be applied by the Borrower to pay Qualified Project Costs;

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

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

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

Dated: _____

GRANT HEIGHTS II, L.P.,
a California limited partnership

By: SDCHC Grant Heights II, LLC,
a California limited liability company,
its managing general partner

By: San Diego Community Housing
Corporation, a California nonprofit
public benefit corporation,
its sole member / manager

By: _____
Theodore T. Miyahara,
President & CEO

By: ULSDC Grant Heights II, LLC,
a California limited liability company,
its administrative general partner

By: Urban League of San Diego County,
a California nonprofit public benefit
corporation,
its manager and member

By: _____
Raynard King
President & CEO

APPROVED:

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

By: _____

Its: _____

[Signature Page to Construction Fund Disbursement Request]

SCHEDULE I

<u>Amount</u>	<u>Person</u>	<u>Purpose</u>
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LOAN AGREEMENT

by and among

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

**ZIONS BANCORPORATION, N.A. DBA CALIFORNIA BANK & TRUST
as initial Bondowner Representative**

and

**GRANT HEIGHTS II, L.P.,
a California limited partnership
as Borrower**

Dated as of March 1, 2021

**relating to:
\$8,815,000**

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bond
(Grant Heights II Apartments),
Series 2021A-1**

and

**\$ _____
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bond
(Grant Heights II Apartments),
Series 2021A-2**

The interests of the Issuer in this Loan Agreement and the Notes, excluding the Reserved Rights, have been assigned to The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to an Assignment of Deed of Trust and Related Documents dated as of March 1, 2021 by the Issuer for the benefit of The Bank of New York Mellon Trust Company, N.A., as trustee.

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement") is made and entered into and dated as of March 1, 2021, by and among the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a body corporate and politic of the State of California (together with any successors and assigns, the "Issuer"); ZIONS BANCORPORATION, N.A. DBA CALIFORNIA BANK & TRUST, as Bondowner Representative (the "Bondowner Representative"), and GRANT HEIGHTS II, L.P., a California limited partnership (the "Borrower").

RECITALS:

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

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

WHEREAS, the Borrower has requested that the Issuer issue its Multifamily Housing Revenue Bond (Grant Heights II Apartments) Series 2021A-1 (the "Series 2021A-1 Bond") and its Multifamily Housing Revenue Bond (Grant Heights II Apartments) Series 2021A-2 (the "Series 2021A-2 Bond," and together with the Series 2021A-1 Bond, the "Bonds") for the purpose of making two loans (collectively, the "Loans," comprised of a "Series 2021A-1 Loan" and a "Series 2021A-2 Loan") to the Borrower to finance, in part, the acquisition and rehabilitation by the Borrower of multifamily rental housing facilities known as the Grant Heights II Apartments, located at 2651-2663 J Street (28 units) and 3845 Winona Avenue (14 units) in San Diego, California, on land which is more particularly described on Exhibit A (the "Land") which Land, together with the improvements located thereon (the "Improvements") is collectively referred to herein as the "Property" or the "Project;" and the Bonds are being issued pursuant to an Indenture of Trust, dated as of March 1, 2021 by and among the Issuer, The Bank of New York Mellon Trust Company, N.A., as trustee ("Trustee") and the Bondowner Representative (the "Indenture"); and

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

WHEREAS, to evidence the Series 2021A-1 Loan, the Borrower is executing in favor of the Issuer that certain promissory note payable to the order of the Issuer in the original maximum principal amount of \$8,815,000 (the "Series 2021A-1 Note"), which Series 2021A-1 Note provides for the repayment of the Series 2021A-1 Loan in amounts sufficient to pay, when due, the principal of, premium, if any, and interest on the Series 2021A-1 Bond; and

WHEREAS, to evidence the Series 2021A-2 Loan, the Borrower is executing in favor of the Issuer that certain promissory note payable to the order of the Issuer in the original maximum principal amount of \$_____ (the "Series 2021A-2 Note," and together with the Series 2021A-1 Note, the "Notes"), which Series 2021A-2 Note provides for the repayment of the Series 2021A-2 Loan in amounts sufficient to pay, when due, the principal of, premium, if any, and interest on the Series 2021A-2 Bond; and

WHEREAS, the Borrower has executed or caused to be executed and delivered to the Issuer the Construction and Permanent Trust Deed, with Assignment of Rents, Security

Agreement and Fixture Filing (the “Deed of Trust”) with respect to the Project, which Deed of Trust shall be assigned by the Issuer to the Trustee, as trustee, pursuant to that certain Assignment of Deed of Trust and Related Documents (the “Assignment of Deed of Trust”), dated as of March 1, 2021, to secure, among other things, the payments due under the Notes and this Agreement; and

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

A G R E E M E N T :

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

ARTICLE I

DEFINITIONS

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

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

“Agreement” means this Loan Agreement, as executed by the parties hereto and as it may hereafter be amended in accordance with its terms.

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

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

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

“Developer Fee” has the meaning set forth in Section 3.02.

“Disbursement Agreement” means that Disbursement Agreement dated as of March 1, 2021 between the Borrower and the Bondowner Representative.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Pledged Accounts” has the meaning set forth in Exhibit B.

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

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

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

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

“Trustee Ongoing Fee” means the ongoing fee of the Trustee in the amount of \$2,500.00, payable annually in arrears on each March 1, commencing March 1, 2022.

ARTICLE II

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

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

Section 2.02. No Warranty by the Issuer. THE BORROWER AGREES THAT, BECAUSE THE COMPONENTS OF THE PROJECT HAVE BEEN AND ARE TO BE DESIGNATED AND SELECTED BY IT, THE ISSUER HAS NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION 2.02 HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT. IN ADDITION, THE BORROWER ACKNOWLEDGES, REPRESENTS AND WARRANTS THAT IT UNDERSTANDS THE NATURE AND STRUCTURE OF THE PROJECT; THAT IT IS FAMILIAR WITH THE PROVISIONS OF ALL OF THE DOCUMENTS AND INSTRUMENTS RELATING TO THE FINANCING OF THE PROJECT TO WHICH IT OR THE ISSUER IS A PARTY OR OF WHICH IT IS A BENEFICIARY; THAT IT UNDERSTANDS THE RISKS INHERENT IN SUCH TRANSACTIONS, INCLUDING WITHOUT LIMITATION THE RISK OF LOSS OF THE PROJECT; AND THAT IT HAS NOT RELIED ON THE ISSUER FOR ANY GUIDANCE OR EXPERTISE IN ANALYZING THE FINANCIAL OR OTHER CONSEQUENCES OF SUCH FINANCING TRANSACTIONS OR OTHERWISE RELIED ON THE ISSUER IN ANY MANNER EXCEPT TO ISSUE THE BONDS IN ORDER TO PROVIDE FUNDS FOR THE LOANS.

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

(a) all reasonable legal (including Bond Counsel and counsel to the Borrower, the Issuer, the Trustee, and the Bondowner Representative), abstractors', title insurance, financial, engineering, environmental, construction services, survey, appraisal and

accounting fees and expenses, administrative fees, printing and engraving costs and other expenses incurred and to be incurred by the Borrower, the Issuer, the Trustee or the Bondowner Representative on or before or in connection with issuance of the Bonds;

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

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

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

(e) fees payable to the California Debt Limit Allocation Committee ("CDLAC"), the California Debt and Investment Advisory Commission ("CDIAC") and the California Tax Credit Allocation Committee ("CTCAC") with respect to the Bonds and the financing of the Project.

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

Section 2.05. Issuer Fees. The Borrower shall timely pay the fees payable to the Issuer set forth in Section 7(a) of the Regulatory Agreements as and when due, whether or not billed by the Issuer.

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

ARTICLE III

DISBURSEMENTS

Section 3.01. Disbursements of the Loans and the Bonds. (a) The Bondholder shall advance funds to purchase the Bonds and fund the Loans as provided herein, in the Disbursement 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 Disbursement 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 Amounts of the respective Bonds, which shall be derived from funds advanced to purchase the Bonds in an amount which shall not exceed the applicable Authorized Amounts. Notwithstanding any other provision of this Agreement: (i) the principal amount of the Series 2021A-1 Note and the Series 2021A-1 Loan shall equal the purchase price of the Series 2021A-1 Bond advanced by the Bondowner; and (ii) the principal amount of the Series 2021A-2 Note and the Series 2021A-2 Loan shall equal the purchase price of the Series 2021A-2 Bond advanced by the Bondowner; all to the extent such respective Bonds are Outstanding under the Indenture and the related Loan has not been repaid under this Loan Agreement. 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, except as otherwise provided in Section 3.02 and 3.03 of the Indenture, by the deposit of Bond advances in the Bond Proceeds Account of the Construction Fund under the Indenture) for notation on the Schedules of Drawings attached to the Bonds as additional payment of purchase price of the Bonds by delivery of completed Disbursement Requests.

(c) The Borrower may submit Draw Requests to the Bondholder Representative as provided in the Disbursement Agreement.

(d) The Bondholder shall pay the initial purchase price of the Series 2021A-1 Bond, in the amount of the Initial Disbursement, to the Title Company on the Closing Date as described in Section 3.01 of the Indenture, as the purchase price of a portion of the Series 2021A-1 Bond, which amount shall be used as provided in the Settlement Statement of the Title Company, as executed by the Borrower on the Closing Date. Upon the satisfaction of the terms and conditions set forth in the Indenture, the funds on deposit in the Bond Proceeds Account of the Construction Fund shall be disbursed by the Trustee on the same terms as provided for hereunder, under the Indenture and under the Disbursement Agreement. No funds shall be disbursed from the Bond Proceeds Account of the Construction Fund without the prior written consent of Bondholder Representative, except as otherwise provided in Section 3.03(b) of the Indenture.

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

Section 3.02. Developer Fee. Notwithstanding anything to the contrary contained in the Borrower's Governing Agreement or any other document, except to the extent otherwise set forth below, for so long as the Loans and all interest accrued thereon and other amounts payable by the Borrower in connection therewith have not been paid in full, the Borrower will not pay any developer fee, developer overhead, developer profit or similar amount (collectively, "Developer Fee") to any Affiliate of the Borrower. So long as no Event of Default has occurred and is continuing, the Borrower may make payments of Developer Fee as follows:

(a) At Loan Closing:	\$
(b) At substantial completion of the Improvements:	
(c) Upon 100% completion of the Improvements and other conditions under Section 5.02(b)(iii) of the Borrower's Governing Agreement:	
(d) Upon satisfaction of final conditions under Section 5.02(b)(iv) of the Borrower's Governing Agreement:	_____
Total	\$

Section 3.03. Limitations on Disbursements. Notwithstanding recording of the Deed of Trust or anything contained in this Agreement, the Bondowner Representative will not be required to make any Disbursement unless and until the Borrower has satisfied all applicable conditions to such Disbursement set forth in the Disbursement Agreement. No Disbursement of the Loans shall be made after March 1, 2024, notwithstanding anything to the contrary contained in any construction or rehabilitation contract or any other document unless there is first delivered to the Trustee an opinion of Bond Counsel to the effect that Disbursements after such date will not adversely affect the exclusion of interest on the Series 2021A-1 Bond from the gross income of the Bondowner for federal income tax purposes.

ARTICLE IV

COVENANTS OF BORROWER

The Borrower will keep and perform each of the covenants set forth below, except to the extent that the Bondowner Representative hereafter specifically waives compliance in writing, which waiver may be given or withheld by the Bondowner Representative in its sole discretion.

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

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

(b) Any finder's fee, brokerage commission, loan commission or other sum in connection with the consummation of the transactions contemplated hereby.

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

(d) Any declaration of taxability of interest on the Series 2021A-1 Bond, or allegations (or regulatory inquiry) that interest on the Series 2021A-1 Bond is taxable, for federal tax purposes.

(e) Any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loans or the Project, the operation of the

Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof.

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

(g) 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.

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

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

(j) The Bondowner Representative's acceptance or administration of the Indenture, or the exercise or performance of any of its powers or duties as Bondowner Representative thereunder or under any of the documents relating to the Bonds to which it is a party.

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

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

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

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, Borrower, upon written notice from such Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Borrower, subject to the approval of the Indemnified Party which approval shall not be unreasonably withheld or delayed, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that such Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of Borrower if, in the reasonable judgment of such Indemnified Party, upon the advice of counsel, a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

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

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

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

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

ARTICLE V

REPRESENTATIONS, WARRANTIES AND COVENANTS OF BORROWER

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

Agreement. The Borrower represents and warrants to the Issuer and the Bondowner Representative as follows:

Section 5.01. Tax Status of Bond. The Borrower hereby covenants, represents and agrees as follows: (a) that the Borrower will not take or permit any action to be taken that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2021A-1 Bond and, if it should take or permit any such action, the Borrower will take all lawful actions to rescind such action promptly upon having knowledge thereof; and (b) that the Borrower will take such action or actions, including amending the Loans, the Regulatory Agreements and this Agreement, as determined reasonably necessary in the opinion of Bond Counsel to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the United States Department of the Treasury or the Internal Revenue Service under the Code as applicable to the Series 2021A-1 Bond. The Borrower further covenants and agrees that it will direct all investments in compliance with the Code. The Borrower covenants and agrees to cause to be calculated by the Rebate Analyst and pay to the Trustee any amounts owing to the United States as rebatable arbitrage in accordance with the procedures set forth in the Tax Certificate and Section 6.07 of the Indenture

Section 5.02. Incorporation of Tax Certificate. The covenants, representations, warranties and agreements of the Borrower set forth in the Tax Certificate are incorporated by reference herein as if fully set forth herein.

Section 5.03. Tax Covenants. The Borrower shall comply with the requirements and conditions of the Tax Certificate and the Regulatory Agreements. Without limiting the foregoing and notwithstanding anything to the contrary in this Agreement, the Borrower will not take, or permit to be taken on its behalf, any action which would cause interest on the Series 2021A-1 Bond to be included in gross income of the Bondowner for federal income tax purposes and will take such reasonable action as may be necessary to continue such exclusion from gross income, including:

(a) the Borrower will not use the proceeds of the Bonds, or any other funds which may be deemed to be proceeds of the Bonds pursuant to Section 148 of the Code, in the manner which will cause the Series 2021A-1 Bond to be an “arbitrage bond” within the meaning of such section, and will comply with the requirements of such Section throughout the term of the Series 2021A-1 Bond;

(b) the Borrower will prepare and file any statements required to be filed by it in order to maintain such exclusion;

(c) the Borrower will pay to the United States any amount required to be paid by the Issuer or the Borrower pursuant to Section 148(f) of the Code, at the times, in the amounts and at the places required in order to maintain the exclusion of interest on the Series 2021A-1 Bond from gross income of the Bondowner for federal income tax purposes, and the Borrower shall compute, or cause to be computed, such amounts annually until the earlier of (i) the date required by the Code, or (ii) the date on which the Series 2021A-1 Bond is no longer outstanding;

(d) not less than 95% of the net proceeds of the Series 2021A-1 Bond (within the meaning of Section 142(a) of the Code) shall be used to pay Qualified Project Costs;

(e) in order to satisfy the requirements set forth in subpart (4) of the definition of “program investment” that appears in Section 1.148-1(b) of the Treasury Regulations

(which requirements must be met in order for the Series 2021A-1 Loan to qualify as a program investment within the meaning of that section), neither the Borrower nor any related person will purchase the Series 2021A-1 Bond in an amount related to the amount of the Series 2021A-1 Loan;

(f) no changes will be made to the Project, no actions will be taken by the Borrower, and the Borrower will not omit to take any actions, which will in any way adversely affect the tax exempt status of the interest on the Series 2021A-1 Bond;

(g) if the Borrower becomes aware of any circumstance, event or condition which would result in the interest payable on the Series 2021A-1 Bond becoming includable in gross income of the Bondowner for federal income tax purposes, the Borrower will promptly give written notice of such circumstance, event or condition to the Issuer and the Bondowner Representative;

(h) the full amount of each disbursement from the Loans will be applied to pay or to reimburse the Borrower for the payment of Project Costs and, after taking into account any proposed disbursement, (i) at least 95% of the net proceeds (as defined in Section 150 of the Code) of the Series 2021A-1 Bond will be used to pay Qualified Project Costs to provide a qualified residential rental project (as defined in Section 142(d) of the Code), (ii) less than 25% of the net proceeds of the Series 2021A-1 Bond will have been disbursed to pay or to reimburse the Borrower for the cost of acquiring land, (iii) not more than 2% of the proceeds of the Series 2021A-1 Bond will have been used for Costs of Issuance, and (iv) none of the proceeds of the Series 2021A-1 Bond (as defined for purposes of Section 147(g) of the Code) will be disbursed to provide working capital;

(i) the Borrower will cause all of the residential units (except for one manager's unit) in the Project to be rented or available for rental on a basis which satisfies applicable requirements of the Act, the Code and the Regulatory Agreements;

(j) all leases for the Project will comply with all applicable laws and, as applicable, for units rented to low and very-low income tenants, as provided in the Regulatory Agreements;

(k) in connection with any lease or grant by the Borrower of the use of the Project, the Borrower will require that the lessee or user of any portion of the Project not use that portion of the Project in any manner which would violate the covenants set forth in this Agreement or the Regulatory Agreements;

(l) no portion of the proceeds of the Series 2021A-1 Loan shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Series 2021A-1 Loan shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project; and

(m) no proceeds of the Series 2021A-1 Bond will be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property was pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if construction expenditures (as defined in the Code) with respect to such building equal

or exceed 15% of the portion of the cost of acquiring such building (and equipment) financed with proceeds of the Series 2021A-1 Bond; and provided, further, that this limitation shall not apply with respect to any structure other than a building if construction expenditures with respect to such structure equal or exceed one hundred percent (100%) of the portion of the cost of acquiring such structure financed with the proceeds of the Series 2021A-1 Bond.

In any matter relating to the exclusion of interest on the Series 2021A-1 Bond from the gross income of the Bondowner for federal income tax purposes, the terms and provisions of the Tax Certificate and the Regulatory Agreements shall control in the event of any conflict between this Agreement and the Tax Certificate or Regulatory Agreements, as applicable.

ARTICLE VI

DEFAULT AND REMEDIES

Section 6.01. Events of Default. Any of the following, without limitation, shall constitute an “Event of Default” (and the term “Default” shall mean any of the following, whether or not any requirement for notice or lapse of time has been satisfied); provided, that any of the Borrower’s partners, including the Investor Limited Partner, may, but are not obligated to, cure a Default and such cure shall be accepted by the Bondowner Representative, the Issuer and the Trustee as if made by the Borrower:

(a) Any representation or warranty made by the Borrower to or for the benefit of the Bondowner Representative, the Issuer or the Trustee herein or elsewhere in connection with the Loans, including but not limited to any representation in connection with the security therefor, shall prove to have been incorrect or misleading in any material respect when made (or becomes incorrect or misleading in any material respect thereafter); or

(b) The Borrower shall fail to pay any sum when due under this Agreement, the Deed of Trust, the Notes or any other Loan Document which is not cured within the time provided for cure under Section 6.1 of the Disbursement Agreement, provided that the use of any reserve held hereunder, under the Indenture or the Disbursement Agreement to pay any such amount shall not be an Event of Default hereunder; or

(c) Other than a failure described in (b) above, the Borrower or any other party thereto (other than the Issuer, the Trustee or the Bondowner Representative) shall fail to perform its obligations under any other covenant or agreement contained in this Agreement, the Deed of Trust, the Notes or any other Loan Document, which is not cured within any notice and cure period set forth in the other applicable document.

Section 6.02. Remedies.

(a) Withholding of Disbursements. After the occurrence and during the continuance of an Event of Default, the Bondowner Representative’s obligation to advance the purchase price of the Bonds or to approve Draw Requests or to otherwise disburse funds under the Loan Documents will automatically terminate, and the Bondowner Representative in its sole discretion may withhold any one or more Disbursements. The Bondowner Representative may also withhold any one or more Disbursements after the occurrence and during the continuance of a Default unless and until the Borrower cures such Default prior to the occurrence of an Event of Default. No Disbursement by the Bondowner Representative will constitute a waiver of any Default unless the Bondowner Representative agrees otherwise in writing in each instance.

(b) Acceleration. After the occurrence and during the continuance of an Event of Default, all of the Borrower's obligations under the Loan Documents will become immediately due and payable at the option of the Bondowner Representative and in the Bondowner Representative's sole discretion without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind to the Borrower. The Bondowner Representative shall give written notice of any such action to the Issuer.

(c) Pledged Accounts, Etc. After the occurrence and during the continuance of an Event of Default, the Bondowner Representative in its sole discretion, may apply the funds in the Pledged Accounts, and any other cash or cash equivalents of the Borrower or Guarantor held by or subject to the control of the Bondowner Representative (including but not limited to funds drawn under any letter of credit provided to the Bondowner Representative in connection with the Loans and funds in the Construction Fund), or any portion thereof to payment of the Borrower's obligations under the Loan Documents; provided, however, that such application of funds will not cure or be deemed to cure any Event of Default. Nothing in this Agreement will obligate the Bondowner Representative to apply all or any portion of any such funds on account of any Event of Default or to repayment of such obligations. The Borrower further agrees, and expressly acknowledges the reliance of the Bondowner Representative hereon, that any and all application of the funds in any Pledged Account or the Construction Fund to or upon any of such obligations will be, and will be irrevocably deemed to be, a realization upon and foreclosure of the security interests and liens granted the Bondowner Representative in such funds and will not be, or be deemed to be, the exercise of a right of set-off.

(d) Continuation of Construction, Etc. After the occurrence and during the continuance of any Event of Default, the Bondowner Representative will have the right, in its sole discretion and the Trustee may, upon receipt of written direction of the Bondowner Representative, to enter and take possession of the Property, whether in person, by agent or by court-appointed receiver, and to take any and all actions that the Bondowner Representative in its sole discretion may consider necessary or appropriate to preserve and protect the Property or to complete the rehabilitation of the Project, including making changes in plans, specifications, work or materials and entering into, modifying or terminating any contractual arrangements, all subject to the Bondowner Representative's right at any time to discontinue any work without liability. In addition, with or without taking possession of the Property, the Bondowner Representative will have the right but not the obligation to cure any and all defaults by the Borrower under any of the Requirements (as defined in the _____), the Project contracts or other contracts relating to the Property. If the Bondowner Representative or the Trustee chooses to complete the rehabilitation of the Improvements or to cure any of such defaults, the Bondowner Representative or the Trustee will not assume any liability to the Borrower or any other person or entity for completing the rehabilitation of the Project, or for the manner or quality of their construction, or for curing any such defaults, and the Borrower expressly waives any such liability. If the Bondowner Representative or the Trustee exercises any of the rights or remedies provided in this subsection, that exercise will not make the Bondowner Representative or the Trustee, or cause the Bondowner Representative or the Trustee to be deemed to be, a partner or joint venturer of the Borrower or a mortgagee in possession. The Bondowner Representative in its sole discretion, or the Trustee at the written direction of the Bondowner Representative, may choose to complete rehabilitation of the Improvements in its own name. All sums expended by the Bondowner Representative or the Trustee in completing rehabilitation of the Improvements or curing the Borrower's defaults will be considered to have been an additional Disbursement to the Borrower bearing interest at the Default Rate and will be secured by the Loan Documents. For these purposes the Bondowner Representative, in its sole discretion, may reallocate any line item or cost category of the budget contained in the Disbursement Agreement, and may make use of any available sources of funds of the Borrower.

(e) Other Remedies; Cumulative Remedies. After the occurrence of an Event of Default, the Bondowner Representative may exercise, or direct the Trustee in writing to exercise, any and all other rights and remedies available to it under any of the Loan Documents or under applicable law. All rights and remedies available to the Bondowner Representative will be cumulative and not exclusive.

(f) Delegation of Enforcement Rights. The Issuer hereby delegates to the Bondowner Representative the exercise of all the rights and remedies exercisable by either the Issuer or the Trustee under the Loan Documents (except for the Reserved Rights), including, without limitation, approval rights under the Loan Documents and all rights and remedies under the Loan Documents arising from a Default or Event of Default, including those rights and remedies set forth Sections 3.6, 3.9, 3.12 and 3.13 of the Deed of Trust, and as otherwise provided in the Notes.

Section 6.03. Waiver of the Right of Setoff. The Borrower will make all payments provided for under the terms of this Agreement, the Notes and the other Loan Documents without offset or deduction. In the event of any litigation by the Bondowner Representative to enforce the terms of the Loan Documents, the Borrower will not assert any counterclaim against the Bondowner Representative therein (other than compulsory counterclaims), but will assert the same only by means of a separate action.

ARTICLE VII

PLEGDED ACCOUNTS; RESERVE ACCOUNTS

Section 7.01. Grant of Security Interest. The Borrower hereby pledges and assigns to the Bondowner Representative and grants the Bondowner Representative a security interest in and lien upon each of the Pledged Accounts and all funds from time to time on deposit therein to secure all of the Borrower's obligations under the Notes, this Agreement and the other Loan Documents. All income taxes payable with respect to income on each Pledged Account, if any, will be paid by the Borrower. The tax identification number associated with each Pledged Account will be that of the Borrower. If required by the Bondowner Representative, the Borrower shall execute the Bondowner Representative's form of Assignment of Deposit Account with respect to each of the Pledged Accounts.

Section 7.02. Reserve Accounts. If the Borrower, as a matter of convenience, deposits or causes to be deposited with the Bondowner Representative the operating and reserve accounts for the Project, or any of them that do not constitute Pledged Accounts, the Bondowner Representative will not have a security interest in any such account unless such a security interest is created by a writing that specifically grants to the Bondowner Representative a security interest in the account in question as security for the repayment of the Loans. Nothing herein constitutes a waiver by the Bondowner Representative of any right of setoff against any such account.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. No Waiver; Consents. Each consent or waiver by the Bondowner Representative of any of its rights or remedies under this Agreement or the other Loan Documents must be in writing and executed by the Bondowner Representative, and no waiver will be construed as a continuing waiver. No waiver will be implied from the Bondowner

Representative's delay in exercising or failure to exercise any right or remedy against the Borrower or any security. Consent by the Bondowner Representative to any act or omission by the Borrower will not be construed as a consent to any other or subsequent act or omission or as a waiver of the requirement for the Bondowner Representative's consent to be obtained in any future or other instance.

Section 8.02. Purpose and Effect of the Bondowner Representative's Approval. The Bondowner Representative's approval of any matter in connection with the Loans will be for the sole purpose of protecting the Bondowner Representative's security and rights. In no event will the Bondowner Representative's approval be a representation of any kind with regard to the matter being approved. Without limiting the generality of the preceding sentence, the Borrower acknowledges that the Bondowner Representative has no duty to the Borrower or any third party regarding compliance with laws or regulations affecting low income housing tax credits or any other tax matter with respect to the Loans or the Project.

Section 8.03. Singular and Plural. As used in this Agreement and the other Loan Documents, singular terms include the plural and vice versa as the context may require.

Section 8.04. No Third Parties Benefited. This Agreement is made and entered into for the sole protection and benefit of the Issuer in its said capacity, the Bondowner Representative, the Borrower, and their permitted successors and assigns, and the Bondowner. No trust fund is created by this Agreement and no other persons or entities will have any right of action under this Agreement or any right to the proceeds of the Loans. The Bondowner Representative will not be obligated to provide any assurances, commitments, obligations or agreements to or for the benefit of any person or entity other than the Borrower.

Section 8.05. Notices. All notices given under this Agreement must be in writing and given as provided in Section 11.06 of the Indenture with respect to the giving of notices thereunder.

Section 8.06. Authority to File Notices. The Borrower irrevocably appoints the Bondowner Representative as its attorney-in-fact, with full power of substitution, to file for record, at the Borrower's cost and expense and in the Borrower's name, any notices of commencement or completion, notices of cessation of labor, or any other notices that the Bondowner Representative in its sole discretion may consider necessary or desirable to protect the security for the Loans, if the Borrower fails to do so.

Section 8.07. Actions. The Issuer, the Trustee and the Bondowner Representative will have the right, but not the obligation, to commence, appear in, and defend any action or proceeding that might affect its security or its rights, duties or liabilities relating to the Loans, the Property or any of the Loan Documents. The Borrower will pay promptly on demand all of the Issuer's, the Trustee's and the Bondowner Representative's reasonable out-of-pocket costs, expenses, and attorneys' fees and all expenses of the Issuer's and the Bondowner Representative's respective counsel incurred in those actions or proceedings.

Section 8.08. Legal and Other Expenses. The Borrower will reimburse the Issuer, the Trustee and the Bondowner Representative within five days after written demand for all costs and expenses reasonably incurred by the Issuer, the Trustee, the Bondowner Representative or any of them in connection with the administration, interpretation, enforcement or performance of the Loan Documents or the Indenture. Without limiting the generality of the foregoing in the event of any Default, or in the event that any dispute arises relating to the interpretation, enforcement or performance of any of the Loan Documents or the Indenture, the Issuer, the Trustee and the Bondowner Representative will be entitled to collect from the Borrower on

demand all reasonable fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, accountants, appraisers, environmental inspectors, consultants, expert witnesses, arbitrators, mediators and court reporters. Without limiting the generality of the foregoing, the Borrower will pay all such reasonable costs and expenses incurred in connection with: (a) arbitration or other alternative dispute resolution proceedings, trial court actions and appeals; (b) bankruptcy or other insolvency proceedings of the Borrower or other party liable for any of the obligations of the Borrower under this Agreement or the other Loan Documents or any party having any interest in any security for any of those obligations; (c) judicial or nonjudicial foreclosure on, or appointment of a receiver for, any of the Property; (d) post-judgment collection proceedings; (e) all claims, counterclaims, cross-claims and defenses asserted in any of the foregoing whether or not they arise out of or are related to this Agreement; (f) all preparation for any of the foregoing; and (g) all settlement negotiations with respect to any of the foregoing. Whenever the Borrower is obligated to pay or reimburse the Issuer, the Trustee or the Bondowner Representative for any attorneys' fees, those fees will include the allocated costs, as determined by the Issuer, the Trustee or the Bondowner Representative, as the case may be, for services of in-house counsel.

Section 8.09. Applicable Law. This Agreement will be governed by the law of the State, without regard to any provisions or principles thereof relating to choice of law or conflict-of-laws, except as may be preempted by federal law.

Section 8.10. Time of Essence. Time is of the essence in the performance of this Agreement and each and every term hereof.

Section 8.11. Force Majeure. If the rehabilitation of the Improvements is directly affected and delayed by fire, earthquake or other acts of God, inclement weather that could not reasonably be anticipated by the Borrower, strike, lockout, acts of public enemy, riot, insurrection, terrorism, or governmental regulation of the sale or transportation of materials, supplies or labor, the Borrower must notify the Bondowner Representative in writing within 10 Business Days after the event occurs that causes the delay.

Section 8.12. Integration and Amendments; Conflicts. The Loan Documents (a) integrate all the terms and conditions mentioned in or incidental to this Agreement, (b) supersede all oral negotiations and prior writings with respect to their subject matter including, but not limited to, any loan commitment by the Bondowner, and (c) are intended by the parties as the final expression of the entire agreement with respect to the Loans and as the complete and exclusive statement of the terms and conditions agreed to by the parties. No representation, understanding, promise or condition will be enforceable against any party unless it is contained in the Loan Documents. If there is any conflict between the terms, conditions and provisions of this Agreement and those of any other agreement or instrument, including any other Loan Document (other than the Regulatory Agreements), the terms, conditions and provisions of this Agreement will control. This Agreement may not be modified or amended except by a written agreement signed by the parties hereto.

Section 8.13. Binding Effect; Successors and Assigns; Disclosure. This Agreement will become effective only when it has been executed by the Issuer, the Borrower and the Bondowner Representative and thereafter will be binding upon and inure to the benefit of the Issuer, the Borrower and the Bondowner Representative and their respective successors and assigns, except that the Borrower will not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Issuer and the Bondowner Representative, which may be granted or withheld in the Issuer's and the Bondowner Representative's respective sole discretion and otherwise subject to any applicable provisions of Section 12 of the Regulatory Agreements. The Bondowner Representative may sell, assign or grant participations in all or

any part of its rights and obligations under this Agreement and the other Loan Documents, but only in accordance with the terms of Section 2.05 of the Indenture. The Bondowner Representative may disclose information about the Loans, the Borrower, Guarantor, the Property and other relevant matters to the Bondowner Representative's Affiliates, potential purchasers of, assignees of, and participants in, the Loans, and to derivative counterparties and rating agencies.

Section 8.14. Captions. All captions or headings to sections, subsections and other divisions of this Agreement and the addenda and exhibits to this Agreement are only for the convenience of the parties and will not be construed to have any effect or meaning with respect to the other content thereof.

Section 8.15. Incorporation. The recitals, exhibits and addenda of and to this Agreement are incorporated herein and all provisions thereof will be deemed to be binding provisions of this Agreement.

Section 8.16. Relationship of Parties; No Fiduciary Duty. The Borrower acknowledges that neither the Issuer nor the Bondowner Representative has any fiduciary relationship with, or fiduciary duty to, the Borrower or any other person or entity arising out of or in connection with this Agreement, the Indenture or any of the other Loan Documents. None of this Agreement, the Indenture or the other Loan Documents create a joint venture among the parties hereto.

Section 8.17. Limitation on the Issuer's Liability. The Issuer shall not be obligated to pay the principal of, premium, if any, or interest on the Bonds, except from Revenues. Any obligation or liability of the Issuer created by or arising out of this Agreement or any of the other Loan Documents (including without limitation any liability created by or arising out of the representations, warranties or covenants set forth herein or otherwise) shall not impose a debt or pecuniary liability upon the Issuer or a charge upon its general credit, but shall be payable solely out of Revenues. Neither the issuance of the Bonds nor the delivery of this Agreement shall, directly or indirectly or contingently, obligate the Issuer to make any appropriation for payment of the Bonds. Nothing in the Bonds, this Agreement or any of the other Loan Documents or the proceedings of the Issuer authorizing the Bonds or in the Act or in any other related document shall be construed to authorize the Issuer to create a debt of the Issuer within the meaning of any constitutional or statutory provision of the State. No breach of any pledge, obligation or agreement of the Issuer hereunder may impose any pecuniary liability upon the Issuer or any charge upon its general credit.

THE BONDS ARE LIMITED, SPECIAL OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY AND ONLY FROM THE TRUST ESTATE AND ANY OTHER REVENUES, FUNDS AND ASSETS PLEDGED UNDER THE INDENTURE. NONE OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS OR TO SATISFY ANY OTHER MONETARY OBLIGATIONS OF THE ISSUER UNDER THE INDENTURE OR THE LOAN DOCUMENTS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR ITS PAYMENT. THE REPAYMENT OF THE BONDS IS NOT SECURED BY A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DO THE BONDS CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER.

No recourse under or upon any obligation, covenant, warranty or agreement contained in the Indenture, this Agreement, any of the other Loan Documents or in the Bonds, or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of the Indenture, this Agreement or any of the other Loan Documents, shall be had against the commissioners, officers, attorneys, accountants, employees, agents and consultants of the Issuer, as such, past, present or future of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or any receiver of the Issuer, or for or to the owner of the Bonds, or otherwise, of any sum that may be due and unpaid by the Issuer upon the Bonds. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of the commissioners, officers, attorneys, accountants, employees, agents and consultants, as such, by reason of any act of omission on his or her part or otherwise, for the payment for or to the owners of the Bonds or otherwise of any sum that may remain due and unpaid upon the Bonds secured by the Indenture or any of them is, by the acceptance of the Bonds, expressly waived and released as a condition of and in consideration for the execution of the Indenture and this Agreement and the issuance of the Bonds.

Anything in this Agreement to the contrary notwithstanding, it is expressly understood by the parties to this Agreement that (a) the Issuer may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, the Borrower, the Bondowner Representative or the Bondholder as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under the Indenture, this Agreement or any of the other Loan Documents to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee, the Bondowner Representative or by any Bondholder, and (c) none of the provisions of the Indenture, this Agreement, the Regulatory Agreements or any other Loan Document shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under the Indenture, this Agreement, the Regulatory Agreements or any other Loan Document unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action. It is recognized that notwithstanding any other provision of this Agreement, neither the Borrower nor the Bondholder shall look to the Issuer or any of its commissioners, officers, attorneys, accountants, employees, agents and consultants for damages suffered by the Borrower or the Bondholder as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under this Agreement, the Bonds, the Regulatory Agreements, any of the other Loan Documents or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Issuer in any of such documents, nor for any other reason except for representations made by the Issuer in any certificate of the Issuer and the opinion of counsel to the Issuer delivered on the Closing Date.

No recourse for the payment of any part of the principal of, premium, if any, or interest on the Bonds or for the satisfaction of any liability arising from, founded upon or existing by reason of the issuance, purchase or ownership of the Bonds shall be had against the commissioners, officers, attorneys, accountants, employees, agents and consultants of the Issuer, as such, all such liability being expressly released and waived as a condition of and as a part of the consideration for the execution by the Issuer of the Indenture and this Agreement and the issuance of the Bonds. No covenant, stipulation, obligation or agreement of the Issuer contained in the Indenture, this Agreement, the Regulatory Agreements or any other Loan Document shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future commissioner, officer, attorney, accountant, employee, agent and consultant of the Issuer in other than that person's official capacity. No commissioner, officer, attorney, accountant,

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

Section 8.18. Counterparts. This Agreement may be executed in counterparts, each of which will be an original, and all of which together will constitute but one and the same instrument.

ARTICLE IX

WAIVER OF JURY TRIAL; JUDICIAL REFERENCE

EACH OF THE BORROWER, THE ISSUER AND THE BONDOWNER REPRESENTATIVE (FOR ITSELF AND ITS SUCCESSORS, ASSIGNS AND PARTICIPANTS) HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER BY THE BORROWER, THE ISSUER AND THE BONDOWNER REPRESENTATIVE, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

The Borrower, the Issuer and the Bondowner Representative agree that, in the event any legal proceeding is filed in a court of the State (the "Court") by or against any party hereto in connection with any controversy, dispute or claim directly or indirectly arising out of or relating to this Agreement or the transactions contemplated hereby (whether based on contract, tort or any other theory) (each, a "Claim") and the waiver set forth in the preceding paragraph is not enforceable in such action or proceeding.

With the exception of the matters specified below, any Claim will be determined by a general reference proceeding in accordance with the provisions of California Code of Civil Procedure Sections 638 through 645.1. The parties intend this general reference agreement to be specifically enforceable in accordance with California Code of Civil Procedure Section 638. Except as otherwise provided in the Indenture or in the Loan Documents, venue for the reference proceeding will be in the state or federal court in the county or district where venue is otherwise appropriate under applicable law.

The following matters shall not be subject to a general reference proceeding: (a) non-judicial foreclosure of any security interests in real or personal property, (b) exercise of self-help remedies (including, without limitation, set-off), (c) appointment of a receiver, and (d) temporary, provisional or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This Agreement does not limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (a) - (d) and any such exercise or opposition does not waive the right of any party to a reference proceeding pursuant to this Agreement.

Upon the written request of the Borrower, the Issuer or the Bondowner Representative, the Borrower, the Issuer and the Bondowner Representative shall select a single referee, who

shall be a retired judge or justice. If the parties do not agree upon a referee within ten days of such written request, then, any party may request the court to appoint a referee pursuant to California Code of Civil Procedure Section 640(b).

All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except when any party so requests, a court reporter will be used and the referee will be provided a courtesy copy of the transcript. The party making such request shall have the obligation to arrange for and pay costs of the court reporter, provided that such costs, along with the referee's fees, shall ultimately be borne by the party who does not prevail, as determined by the referee.

The referee may require one or more prehearing conferences. The Borrower, the Issuer and the Bondowner Representative shall be entitled to discovery, and the referee shall oversee discovery in accordance with the rules of discovery, and may enforce all discovery orders in the same manner as any trial court judge in proceedings at law in the State. The referee shall apply the rules of evidence applicable to proceedings at law in the State and shall determine all issues in accordance with applicable state and federal law. The referee shall be empowered to enter equitable as well as legal relief and rule on any motion which would be authorized in a trial, including, without limitation, motions for default judgment or summary judgment. The referee shall report his decision, which report shall also include findings of fact and conclusions of law.

The Borrower, the Issuer and the Bondowner Representative recognize and agree that all claims resolved in a general reference proceeding pursuant hereto will be decided by a referee and not by a jury.

In the event of any inconsistency between the provisions of this article and any other provision of the other Loan Documents, this Article will control.

ARTICLE X

WAIVER OF SPECIAL DAMAGES

TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER SHALL NOT ASSERT, AND HEREBY WAIVES, ANY CLAIM AGAINST THE BONDOWNER REPRESENTATIVE, THE ISSUER OR EITHER OF THEM ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF, THIS AGREEMENT, THE OTHER LOAN DOCUMENTS OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY OR THEREBY, THE TRANSACTIONS, THE LOANS OR THE USE OF THE PROCEEDS THEREOF.

ARTICLE XI

USA PATRIOT ACT NOTIFICATION

The Bondowner Representative hereby notifies the Borrower that pursuant to the requirements of Section 326 of the USA Patriot Act of 2001 31 U.S.C. Section 5318 (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Borrower Representative to identify the Borrower in accordance with the Patriot Act.

ISSUER:

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO, as Issuer

By: _____

Its: _____

19048.53;J17253

[Issuer Signature page for Grant Heights II Loan Agreement]

BORROWER:

GRANT HEIGHTS II, L.P.,
a California limited partnership

By: SDCHC Grant Heights II, LLC,
a California limited liability company,
its managing general partner

By: San Diego Community Housing
Corporation, a California nonprofit
public benefit corporation,
its sole member / manager

By: _____
Theodore T. Miyahara,
President & CEO

By: ULSDC Grant Heights II, LLC,
a California limited liability company,
its administrative general partner

By: Urban League of San Diego County,
a California nonprofit public benefit
corporation,
its manager and member

By: _____
Raynard King
President & CEO

Address for Borrower:

Grant Heights II, L.P.
c/o San Diego Community Housing Corporation
6160 Mission Gorge Road, Suite 204
San Diego, CA 92120-3411
Attention: Ted T. Miyahara, President & CEO

19048.53:J17253

[Borrower Signature page for Grant Heights II Loan Agreement]

BONDOWNER REPRESENTATIVE:

ZIONS BANCORPORATION, N.A. DBA
CALIFORNIA BANK & TRUST,
a California banking corporation

By: _____
Mark A. Wolf,
First Vice President

19048.53;J17253

[Bondowner Representative Signature page for Grant Heights II Loan Agreement]

EXHIBIT A

LEGAL DESCRIPTION

All that certain real property situated in the City of San Diego, County of San Diego, State of California, described as follows:

Grant Heights:

LOT D, EXCEPT THE EASTERLY 50 FEET THEREOF; LOT E, EXCEPT THE WESTERLY 20 FEET THEREOF AND ALSO EXCEPTING THE NORTHERLY 15 FEET OF THE SOUTHERLY 20 FEET, LOT J AND LOT U, EXCEPT THE EASTERLY 50 FEET OF THE SOUTHERLY 15 FEET THEREOF, IN BLOCK 41 OF U. S. GRANTS HILL SUBDIVISION, ACCORDING TO MAP THEREOF NO. 1020, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 22, 1906.

APNS: 535-510-09, 535-510-10, 535-510-11 AND 535-510-12

Winona Apartments:

LOTS 8, 9 AND THE SOUTH 18 INCHES OF THE EAST 70 FEET OF LOT 7, IN BLOCK "G" OF OAK PARK, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 1732, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JUNE 22, 1922.

APN: 471-621-10 & 11

EXHIBIT B
ACCOUNTS

1. Required Pledged Accounts. The Borrower will maintain each of the following deposit accounts (the “Pledged Accounts”) with the Bondowner Representative until the date that all funds therein have been released therefrom and no provisions exist for further deposits thereto.

(a) Borrower’s Funds Account. An account (the “the Borrower’s Funds Account”) into which the Borrower’s funds are to be deposited as required by the Bondowner Representative pursuant to the terms of the Disbursement Agreement in order to maintain the Loan In Balance as provided in the Disbursement Agreement. The Borrower’s Funds Account will be established only if and when needed.

(b) Tax Credit Equity Account. An account (the “Tax Credit Equity Account”) into which deposits of equity contributions by Investor Limited Partner are to be deposited as provided in the Disbursement Agreement.

2. Interest on Accounts. The Pledged Accounts will bear interest at a rate or rates applicable to the type of account used therefor as generally offered to the public by the Bondowner Representative, except that the Borrower’s Funds Account will not bear interest.

3. Release of Funds From Accounts. The Bondowner Representative will permit funds to be released from the Pledged Accounts as follows, provided that after the occurrence and during the continuance of an Event of Default, the Bondowner Representative may apply any or all funds in the Pledged Accounts to repayment of amounts owing to the Issuer under the Notes and amounts owing to the Bondowner Representative under the Loan Documents:

(a) Borrower’s Funds Account. The Bondowner Representative will make Disbursements from the Borrower’s Funds Account to pay Hard Costs and Soft Costs in accordance with the budget contained, and as such terms are defined, in the Disbursement Agreement.

(b) Tax Credit Equity Account. The Bondowner Representative will release funds from the Tax Credit Equity Account as provided in the Disbursement Agreement.

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

**GRANT HEIGHTS II, L.P.,
a California limited partnership**

Dated as of March 1, 2021

**Relating to:
\$8,815,000**

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bond
(Grant Heights II Apartments),
Series 2021A-1**

and

\$ _____

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bond
(Grant Heights II Apartments),
Series 2021A-2**

This Regulatory Agreement and Declaration of Restrictive Covenants pertains to the ____ units of multifamily rental housing located at _____ in San Diego, California, known as _____ Apartments.

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 March 1, 2021, 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 GRANT HEIGHTS II, 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 rehabilitation 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 October 1, 2019, the Board of Commissioners of the Issuer adopted Resolution No. HA-1834 (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 rehabilitation by the Borrower of 42 units of multifamily rental housing (collectively referred to in this Regulatory Agreement as the “Projects”) identified collectively as Grant Heights II Apartments, including 28 units located at 2651-2663 J Street in the City of San Diego, California, currently known as Grant Heights Apartments, and 14 units located at 3845 Winona Avenue in the City of San Diego, California, currently known as Winona Apartments; and

WHEREAS, in furtherance of the purpose 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 bond designated “Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Grant Heights II Apartments), Series 2021A-1” in the principal amount of \$8,815,000 (the “Series A-1 Bond”), and its revenue bond designated “Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Grant Heights II Apartments), Series 2021A-2” in the principal amount of \$_____ (the “Series A-2 Bond,” and together with the Series A-1 Bond, the “Bonds”), pursuant to the terms of an Indenture of Trust, dated as of March 1, 2021 (the “Indenture”), among the Issuer, Zions Bancorporation, N.A. dba California Bank & Trust, as bondowner representative (the “Bondowner Representative”), and ~~[TRUSTEE]~~[The Bank of New York Mellon Trust Company, N.A.](#), as trustee (the “Trustee”), the proceeds of which Bonds were used by the Issuer to make two loans to the Borrower (collectively, the “Loans”) pursuant to the terms of a Loan Agreement, dated as of March 1, 2021 (the “Loan Agreement”), among the Issuer, Zions Bancorporation, N.A., dba California Bank & Trust and the Borrower; and

WHEREAS, in connection with the Loans and the financing of the Projects, the Issuer and the Borrower will enter into two separate Regulatory Agreements and Declaration of Restrictive

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, except as may otherwise ~~be required~~ permitted by Section 34312(c)(2)(B) of the Act ~~as in effect from time to time~~.

(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

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. Notwithstanding any prepayment of the Loans and notwithstanding a discharge of the Indenture, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay annual fee to the AdministratorIssuer. In the event that the Bonds are redeemed in part or in full prior to the end of the Compliance Period, the fee described in clause (ii) above shall be paid by the Borrower at the time of the redemption of the Bonds and shall be a lump sum amount equal to the present value (based on a discount rate equal to the prime rate identified by the Wall Street Journal at the time of redemption) of the fee for the number of years remaining in the Compliance Period.

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 or of the Other 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.

Only one administrative fee, only one annual fee and only one annual occupancy fee shall be payable under Sections 7(a)(i), (ii) and (iv) of this Regulatory Agreement and under Sections 7(a)(i), (ii) and (iv) of the Other Regulatory Agreement with respect to the Projects. Notwithstanding the foregoing provisions of this Section 7(a) and Section 7(a) of the Other Regulatory Agreement, in no event shall the fees payable to the Issuer under this Section 7(a) and Section 7(a) of the Other Regulatory Agreement exceed any applicable limitation imposed by the Code in respect of the Series 2021A-1 Bond 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.

Resolution No. _____ of the Issuer adopted on February 23, 2021, a transfer of the Project pursuant to an exercise of rights under a Purchase Option and Right of First Refusal or similar agreement related to the Borrower's partnership agreement by any general partner of the Borrower with written notice to the Issuer.

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 Series 2021A-1 Bond (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, 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, foreclosure or transfer of title by deed in lieu of foreclosure, 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 and the Bondowner Representative, upon receipt by the Issuer and the Bondowner Representative 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 Series 2021A-1 Bond 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.

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project and the Other 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 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.

No breach or default under this Regulatory Agreement shall render ~~invalid~~ the Deed of Trust.

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

Quint & Thimmig LLP

Attorneys at Law

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Larkspur, CA 94939-1726

Phone: 415/925-4200
Fax: 415/925-4201

February 2, 2021

VIA EMAIL

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CITY OF SAN DIEGO
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From: Paul J. Thimmig, Quint & Thimmig LLP, Bond Counsel

Re: Grant Heights II Apartments Financing

If the Housing Authority of the City of San Diego (the "Authority") adopts a resolution authorizing the issuance of the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Grant Heights II Apartments), Series 2021A-1 and Series 2021A-2 (the "Bonds"), it is expected that the Bonds will be sold and issued in March of this year.

The primary legal documents for the Bonds that are referenced in the Resolution of the Authority authorizing the issuance of the Bonds (the "Resolution") currently contain a number of blanks that are related to various dates and other matters. The following table sets forth a summary of the blanks in the primary legal documents for the Bonds referenced in the Resolution, and describes when, and by whom, the information will be provided in order to fill in the blanks.

Document	Location of Blank	When Completed	Responsible Party
Indenture	<u>Cover Page</u> <ul style="list-style-type: none">Final Series 2021A-2 Bond Amount	Prior to Closing	Bondowner Representative
	<u>"Whereas" Clauses (Page 1)</u> <ul style="list-style-type: none">Final Series 2021A-2 Bond Amount	Prior to Closing	Bondowner Representative

Document	Location of Blank	When Completed	Responsible Party
Loan Agreement	<u>Section 1.01 - Definitions</u>	Prior to Closing	Bondowner Representative
	<ul style="list-style-type: none"> • Authorized Amount of Series 2021A-2 Bond • Closing Date • Initial Disbursement • Maturity Date of Bonds 		
	<u>Section 2.01</u>	Prior to Closing	Bondowner Representative
	<ul style="list-style-type: none"> • Final Series 2021A-2 Bond Amount 		
	<u>Section 3.02</u>	Prior to Closing	Bondowner Representative
	<ul style="list-style-type: none"> • Priority of Bond Funding between Bonds 		
	<u>Section 3.04</u>	Prior to Closing	Bondowner Representative
	<ul style="list-style-type: none"> • Costs of Issuance Deposit Amount and Trustee and CDIAF Fees 		
	<u>Exhibit A-1 and A-2 - Forms of Bond</u>	Prior to Closing	Completion of above-listed blanks will allow Bond Counsel to complete blanks in the Form of Bond
	<ul style="list-style-type: none"> • Principal Amount of Bond • Issue Date 		
Regulatory Agreement and Declaration of Restrictive Covenants	<u>Exhibit C - Disbursement Request</u>	Prior to Draw of Bond Funds	Borrower
	<ul style="list-style-type: none"> • Draw Number, Amount, Payees 		
	<u>Cover Page</u>	Prior to Closing	Bondowner Representative
	<ul style="list-style-type: none"> • Final Series 2021A-2 Bond Amount 		
	<u>Recitals (Page 1)</u>	Prior to Closing	Bondowner Representative
	<ul style="list-style-type: none"> • Final Series 2021A-2 Note Amount 		
	<u>Section 6.02(d)</u>	Prior to Closing	Borrower Representative
	<ul style="list-style-type: none"> • Source of Reference to Requirements 		
	<u>Cover Page</u>	Prior to Closing	Bondowner Representative
	<ul style="list-style-type: none"> • Amount of Series 2021A-2 Bond 		
<ul style="list-style-type: none"> • Location and Name of Project 	Prior to Closing	Bond Counsel	
<u>"Whereas" - Clauses (Page 1)</u>	Prior to Closing	Bondowner Representative	
<ul style="list-style-type: none"> • Amount of Series 2021A-2 Bond 			
<u>Section 1 - Definitions and Interpretation</u>	Prior to Closing	Bond Counsel	
<ul style="list-style-type: none"> • Project No. of Units 			
<u>Section 2(g) - Borrower Representations and Covenants</u>	Prior to Closing	Borrower	
<ul style="list-style-type: none"> • Date for Full Disbursement of Loan 			
<u>Section 7(a) - Requirements of the Issuer</u>	Prior to Closing; Depends Upon Final Bond Amount	Bondowner Representative, Housing Authority	
<ul style="list-style-type: none"> • Amounts of Issuer Fees 			
<u>Section 12 - Transfer of Project</u>	Prior to Closing	Bond Counsel	
<ul style="list-style-type: none"> • Resolution No. 			
<u>Exhibit A - Legal Description of the Site</u>	Prior to Closing	Title Company	
<ul style="list-style-type: none"> • Description of the Site 			

<u>Document</u>	<u>Location of Blank</u>	<u>When Completed</u>	<u>Responsible Party</u>
Assignment of Deed of Trust and Loan Documents	<u>First Two Pages</u> <ul style="list-style-type: none">• Identity of Trustee• Bond Amounts	Prior to Closing	Bondowner Representative

PJT:cra

Diego County, a California nonprofit public benefit corporation (individually and collectively, "**Guarantor**") in favor of Issuer;

E. General Guaranty dated as of March 1, 2021, executed by Guarantor in favor of Issuer;

F. All other "**Loan Documents**" relating to the "**Loan**" (as each such term is defined in that certain Loan Agreement dated as of even date with the Trust Deed and executed by the Issuer, Borrower and the Bondowner Representative (the "**Loan Agreement**") to the extent Issuer is a party to such Loan Documents;

G. The Bond Trustee shall have the same rights, protections and immunities and indemnities hereunder and under each of the documents assigned to it hereunder, as accorded to it as Bond Trustee under the Trust Indenture and the Loan Agreement.

all of which are granted to secure all obligations of Issuer under that certain Multifamily Housing Revenue Bond (Grant Heights II Apartments) Series 2021A-1 in the principal amount of **Eight Million Eight Hundred Fifteen Thousand and No/100ths Dollars (\$8,815,000.00)** (the "**Tax-Exempt Bonds**") and under that certain Multifamily Housing Revenue Bond (Grant Heights II Apartments) Series 2021A-2 in the principal amount of \$ **_____** (the "**Taxable Bonds**" and together with the Tax-Exempt Bonds, the "**Bonds**"), issued by Issuer, and all renewals, modifications and extensions thereof.

[Remainder of Page Intentionally Left Blank]

The Bond Trustee hereby accepts the assignment made pursuant to this Assignment.

Dated as of March 1, 2021.

**HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO,**
a public body corporate and politic of the State
of California

By: _____
Name: _____
Title: _____

ATTEST:

Scott Marshall
Deputy Secretary

CONFIRM SIGNATURE BLOCK

BOND TRUSTEE:

.

By: _____

Name: _____

Title: _____

EXHIBIT "A"

REAL PROPERTY

All that certain real property situated in the County of San Diego, State of California, described as follows:

[2651-2663 J Street/ Grant Heights Property]

LOT D, EXCEPT THE EASTERLY 50 FEET THEREOF; LOT E, EXCEPT THE WESTERLY 20 FEET THEREOF AND ALSO EXCEPTING THE NORTHERLY 15 FEET OF THE SOUTHERLY 20 FEET, LOT J AND LOT U, EXCEPT THE EASTERLY 50 FEET OF THE SOUTHERLY 15 FEET THEREOF, IN BLOCK 41 OF U. S. GRANTS HILL SUBDIVISION, ACCORDING TO MAP THEREOF NO. 1020, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 22, 1906.

APNS: 535-510-09, 535-510-10, 535-510-11 AND 535-510-12

[3845 Winona Avenue Property]

LOTS 8, 9 AND THE SOUTH 18 INCHES OF THE EAST 70 FEET OF LOT 7, IN BLOCK "G" OF OAK PARK, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 1732, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JUNE 22, 1922.

APN: 471-621-10 & 11

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

State of California)
County of _____)

On _____, before me, _____, a Notary Public, personally appeared _____, 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 _____

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

State of California)
County of _____)

On _____, before me, _____, a Notary Public, personally appeared _____, 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 _____



The City of San Diego
Item Approvals

Item Subject: Final Bond Authorization for Grant Heights II.

Contributing Department	Approval Date
DOCKET OFFICE	02/01/2021

Approving Authority	Approver	Approval Date
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	MARSHALL, SCOTT	01/28/2021
EXECUTIVE VICE PRESIDENT	DAVIS, JEFF	02/01/2021
CITY ATTORNEY	MIDDAUGH, MARGUERITE	02/08/2021