



EXECUTIVE SUMMARY

MEETING DATE: January 16, 2026 (Amended January 14, 2026)

HCR26-011

SUBJECT: Authorization to accept \$26,490,313 in State of California (State) Homekey+ capital funds, \$12,134,986 in City of San Diego funds, and \$7,000,000 in County of San Diego funds; authorization to accept operating subsidy funds in the amounts of \$5,921,431 from the State Homekey+ program and \$3,360,000 from the County of San Diego; authorization to expend \$46,326,059 to support the proposed acquisition and upgrades of the property at 7798 Starling Dr., San Diego, CA 92123, known as Starling Place; and authorization to acquire Starling Place and complete upgrades at the property.

COUNCIL DISTRICT: 7

ORIGINATING DEPARTMENT: Real Estate

CONTACT/PHONE NUMBER: Buddy Bohrer (619) 578-7524

REQUESTED ACTION:

Authorize the San Diego Housing Commission (SDHC) to accept \$26,490,313 in State of California Homekey+ capital funds, \$12,134,986 in City of San Diego funds, and \$7,000,000 in County of San Diego funds; to accept operating subsidy funds in the amounts of \$5,921,431 from the State's Homekey+ program and \$3,360,000 from the County of San Diego; and to expend \$46,326,059 to support the proposed acquisition and upgrades of the property at 7798 Starling Dr., San Diego, CA 92123 (Starling Place); and to acquire Starling Place and complete upgrades at the property.

EXECUTIVE SUMMARY OF KEY FACTORS:

- On April 25, 2025, the SDHC Board voted 7-0 to authorize SDHC to execute a Purchase and Sales Agreement with a purchase price not to exceed \$37,350,000 for the property at 7798 Starling Dr., San Diego, CA 92123. The SDHC Board also approved the commencement of Due Diligence activities and a Due Diligence budget not to exceed \$250,000.
- SDHC staff engaged in extensive due diligence activities as outlined in this staff report, and no findings that would prevent the recommendation of acquiring the property were identified.
- The California Department of Housing and Community Development (Department) awarded SDHC \$32.4 million in Homekey+ funds to support the acquisition and upgrades for the Starling Drive property. The County of San Diego and City of San Diego also have committed funds to this project.
- The proposed development would consist of 20 units dedicated to individuals experiencing chronic homelessness; 20 units dedicated to individuals at risk of experiencing homelessness; 40 units dedicated to veterans experiencing homelessness; and two unrestricted on-site manager's units.
- The Housing Authority-approved Fiscal Year (FY) 2026 SDHC budget included \$26,490,313 in State Homekey+ funds; \$11,541,893 in City of San Diego funds; and \$7,000,000 in County of San Diego funds to support the Starling Drive project.
- The City of San Diego recently increased the dollar amount it has granted to SDHC to a total of \$12,134,986.
- Approving the proposed actions will increase the approved FY 2026 SDHC budget by \$593,093 in City funds granted to SDHC.



REPORT

DATE ISSUED: January 8, 2026 (Amended January 14, 2026)

REPORT NO: HCR26-011

ATTENTION: Chair and Members of the San Diego Housing Commission Board of Commissioners
For the Agenda of January 16, 2026

SUBJECT: Authorization to accept \$26,490,313 in State of California (State) Homekey+ capital funds, \$12,134,986 in City of San Diego funds, and \$7,000,000 in County of San Diego funds; authorization to accept operating subsidy funds in the amounts of \$5,921,431 from the State Homekey+ program and \$3,360,000 from the County of San Diego; authorization to expend \$46,326,059 to support the proposed acquisition and upgrades of the property at 7798 Starling Dr., San Diego, CA 92123, known as Starling Place; and authorization to acquire Starling Place and complete upgrades at the property.

COUNCIL DISTRICT: 7

REQUESTED ACTION

Authorize the San Diego Housing Commission (SDHC) to accept \$26,490,313 in State of California Homekey+ capital funds, \$12,134,986 in City of San Diego funds, and \$7,000,000 in County of San Diego funds; to accept operating subsidy funds in the amounts of \$5,921,431 from the State's Homekey+ program and \$3,360,000 from the County of San Diego; and to expend \$46,326,059 to support the proposed acquisition and upgrades of the property at 7798 Starling Dr., San Diego, CA 92123 (Starling Place); and to acquire Starling Place and complete upgrades at the property.

STAFF RECOMMENDATIONS

That the San Diego Housing Commission (SDHC) Board of Commissioners (Board) take the following actions:

- 1) Authorize SDHC to accept and expend capital funds in the amounts of \$26,490,313 in State of California (State) Homekey+ funds; \$12,134,986 in City of San Diego funds; and \$7,000,000 in County of San Diego funds to support the proposed acquisition and upgrades of the property at 7798 Starling Dr., San Diego, CA 92123, to be known as Starling Place, which will consist of 80 rental housing units affordable for people experiencing homelessness with income up to 30 percent of San Diego's Area Median Income (AMI), and two unrestricted manager's units.
- 2) Authorize SDHC to accept and expend operating subsidy funds in the amounts of \$5,921,431 from the State's Homekey+ program and \$3,360,000 from the County of San Diego to support the operations of Starling Place at 7798 Starling Dr., San Diego, CA 92123.
- 3) Authorize SDHC to acquire Starling Place, pursuant to that certain Purchase and Sale Agreement (PSA) for the property at 7798 Starling Dr., San Diego CA, 92123, dated May 2, 2025, with the seller Tusore Hospitality, Inc.
- 4) Authorize SDHC's President and Chief Executive Officer (President and CEO), or designee, to take such actions and perform such acts as are necessary to acquire Starling Place at 7798 Starling Dr., San Diego, CA 92123, a 40,151-square-foot property, for the price of \$37,350,000. Tusore Hospitality, Inc. shall provide clear fee simple title upon acquisition of the property.

- 5) Authorize SDHC's President and CEO, or designee, to execute and record an affordability covenant against Starling Place for 55 years, with 80 units required to remain affordable for households experiencing homelessness or at risk of homelessness with income at or below 30 percent of AMI. There will be two additional unrestricted manager's units for a total of 82 units.
- 6) Authorize SDHC to purchase Starling Place and complete all associated closing activities and costs, as well as remediation and upgrades to the property, utilizing \$26,490,313 in State Department of Housing and Community Development Homekey+ funds; \$12,134,986 in City of San Diego funds; \$7,000,000 in County of San Diego funds; and \$700,760 in a Deferred Developer Fee.
- 7) Authorize SDHC's President and CEO, or designee, to substitute approved funding sources for Starling Place, with any other available funds as deemed appropriate, including, without limitation, in the event the Homekey+ grant is delayed beyond the anticipated closing date of February 15, 2026, contingent upon budget availability, and further authorize the President and CEO, or designee, to take such actions as are necessary, convenient and/or appropriate to implement these approvals, upon the advice of General Counsel.
- 8) Authorize SDHC's President and CEO, or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals upon the advice of General Counsel, to allow SDHC to acquire Starling Place on terms and conditions described in this report, as approved by SDHC's General Counsel, provided that a copy of the of the documents, signed as to form by General Counsel, is submitted to each Housing Commissioner.
- 9) Approve all budgets associated with the purchase and upgrades at Starling Place. This includes the transfer and/or reallocation of funds between any and all funding use line items within the total approved development/project budget, provided the total project/development budget amount after any and all transfers/reallocations does not exceed the previously approved budget total, in any instances when the operational need arises and/or when such actions are to the benefit of SDHC and its mission.
- 10) Authorize SDHC's President and CEO, or designee, to take such actions and perform such acts as necessary for the recruitment and hiring of staff for the ongoing operations of Starling Place.

SUMMARY

The State Department of Housing and Community Development (Department) issued a Notice of Funding Availability (NOFA), dated November 26, 2024, and amended January 31, 2025, for the Homekey+ Program, which continues a statewide effort to sustain and rapidly expand housing for persons experiencing homelessness or at risk of homelessness. The Department issued the NOFA for Homekey+ Program grant funds pursuant to Proposition 1, passed by California voters in March 2024 to support the development of affordable rental housing with supportive services for veterans and individuals with mental health or substance use disorder challenges who are at-risk of or experiencing homelessness.

Through the Homekey+ Program, an estimated \$1.033 billion in Proposition 1 bond funds established by the Behavioral Health Infrastructure Bond Act (BHIBA) (AB. 531, Chapter 789, Statutes of 2023), is available for veteran-serving projects. Additionally, an estimated \$1.11 billion is available for projects serving the target populations, of which \$805 million is derived from Proposition 1 and approximately \$307 million is available from the Homeless Housing, Assistance, and Prevention (HHAP) Homekey+ Supplemental funding, made available in the 2023-24 and 2024-25 state budgets.

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Authorization to Accept and Expend State Homekey+ funds and City of San Diego and County of San Diego Funds to Support the Proposed Acquisition and Upgrades of the Starling Drive Property
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Grant funding is available to local public entities, including cities, counties, or other local public entities, including housing authorities or federally recognized tribal governments within California. Awarded funds may be used for acquisition or rehabilitation of hotels, apartments, or homes, including manufactured housing, to be converted into permanent or interim housing; conversion of nonresidential properties into residential units; new construction; master leasing of properties for non-congregate housing; purchase of affordability covenants and restrictions for units; relocation costs for individuals being displaced as a result of the Homekey+ Program project; and capitalized operating subsidies for units purchased, converted, constructed, or altered.

SDHC submitted a Homekey+ application to the Department on May 31, 2025, to support the acquisition and upgrades needed for Starling Place. The proposed development would consist of 20 units dedicated to individuals experiencing chronic homelessness; 20 units dedicated to individuals at risk of experiencing homelessness; 40 units dedicated to veterans experiencing homelessness; and two unrestricted on-site manager's units. SDHC has committed 40 federal Veterans Affairs Supportive Housing (VASH) Project-Based Vouchers to help pay rent for residents experiencing homelessness. Veterans with VASH vouchers will receive case management and clinical services from the U.S. Department of Veterans Affairs (VA). Residents would be identified through referrals from the Coordinated Entry System.

In addition to the \$26,490,313 in capital funds and associated relocation costs approved by the Department, another \$4,721,431 in operating funds for non-veteran units \$1,200,000 for veteran units was approved for a total award of \$32,411,744 (Attachment 3).

In addition to \$7,000,000 in capital funds committed, the County of San Diego has committed \$3,360,000 in matching funds over a five-year period to be used for an operating subsidy for the 40 non-veteran units. Additionally, the County has committed \$2,100,000 over five years toward the necessary behavioral health services for the non-veteran residents of Starling Place.

All 80 subsidized households will receive the following supportive services: outreach and engagement; mental health services; healthcare/physical health services; behavioral health services; substance use services; case management; care coordination; life skills training; education and employment services; assistance obtaining benefits and essential documentation and transportation services.

SDHC staff will provide property management. Property management positions for the ongoing operations of Starling Place include, but are not limited to, one on-site Property Manager, one Assistant Property Manager, and one Custodian/Site Cleaner.

Once acquired, Starling Place will undergo the following: conversion of eight units into offices to support service providers and a common area for the residents to gather; merging two units to create a large Property Manager's unit; upgrades to existing building systems, including the replacement of the roof, to extend useful life and accommodate upgrades to life safety systems; security additions to include the installation of cameras, gates and additional exterior lighting; Americans with Disabilities Act (ADA) accessibility upgrades, including path of travel to units and common areas; other items identified in the Physical Needs Assessment; and other site improvements as able within the approved budget.

The proposed project aligns with the goals of the Community Action Plan on Homelessness for the City of San Diego to increase access to permanent housing solutions for people experiencing homelessness and increase access to services for people with behavioral health needs.

DUE DILIGENCE

On April 25, 2025, the SDHC Board authorized the execution of a Purchase and Sales Agreement (Attachment 4) for Starling Place, commencing due diligence activities in compliance with SDHC's

acquisition policy. SDHC staff engaged in extensive due diligence activities as outlined below, and no findings that would prevent the recommendation of acquiring the property were identified.

- Appraisal – Novogradac completed an appraisal of the property's fee simple interest. The market value fee simple interest as existing use is \$37,400,000 with an effective date of May 12, 2025. This value is higher than the proposed purchase price of \$37,350,000. In addition to the appraisal, SDHC enlisted BTI appraisal to complete a peer review of the Novogradac appraisal, and the County of San Diego Department of General Services Real Estate Valuation completed an appraisal review. The BTI peer review and The County of San Diego found the Novogradac's appraisal acceptable. A copy of the appraisal is attached (Attachment 2).
- Physical Needs Assessment (PNA) – Partner Engineering and Science, Inc. (Partner) conducted an assessment of the physical condition of the property and its improvements in May 2025. Partner inspected the common areas, units, structural, mechanical, electrical, plumbing, landscaping, accessibility, and life safety. Code violations and accessibility compliance issues were also reviewed. Partner prepared a report that summarizes the remaining useful life of the building's components, the existing conditions of the property, the immediate and long-term repairs needed, and estimates for the cost of repairs. The planned upgrades of the property will address all items identified in the PNA.
- Hazardous Materials – Advantage Environmental Consultants, LLC (AEC) conducted microbial growth, lead, and asbestos testing at the site.

AEC completed microbial growth testing on all common areas and 74 of the guest rooms. Remaining units were occupied and inaccessible to AEC for inspections. Elevated levels of microbial growth were detected in three of the 74 units inspected. Upon acquisition, SDHC will investigate missing units and undertake remediation efforts during the upgrades and before habitation of the units.

A survey and inspection were conducted by AEC to locate and identify visible and accessible asbestos-containing materials (ACM) and lead-based paints/glaze within and on the site. ACMs were not identified within the building materials, and none of the painted/glazed surfaces tested at the site contained elevated concentrations of lead.

- Phase I Environmental Site Assessment – Partner Engineering and Science, Inc. (Partner) performed a Phase I Environmental Site Assessment of the property to determine if any recognized environmental conditions (REC), controlled recognized environmental condition (CREC), historical recognized environmental condition (HREC), or Business Environmental Risk (BER) were present as a result of current or historical land uses. The assessment included public environmental agency and historical record reviews, interviews, site observations, and report preparation. The assessment revealed no evidence of current, historical, or controlled RECs, CRECs or HRECs. The report did identify a need to investigate hazardous materials as a potential BER. As outlined above, AEC completed a full investigation of hazardous materials at Starling Place. Based on the conclusions of this assessment, Partner did not recommend further environmental investigations.
- Pest Inspection – Bugmizer Termite and Pest Control completed a drywood termite inspection of all units and common areas. There was no evidence of drywood termites at the property. Bugmizer completed testing for other pests throughout the site and determined that there were four rooms with German Roaches. All rooms will be treated

with industry best practices and continued pest control will be used during future operation of the property.

- Relocation – After conducting interviews with existing occupants at Starling Place and performing income verifications, Clark Land Resources (CLR) prepared a comprehensive relocation plan (the Plan). In compliance with statutory requirements, the Plan has been prepared to evaluate the present circumstances and replacement housing requirements of existing occupants. The Plan found that 16 households are not eligible to stay but are entitled to permanent relocation benefits. The project budget has sufficient funds to cover required permanent relocation benefits.
- Sewer Line Inspection – Cable, Pipe and Leak Detection (CPL) performed video inspections on exterior sewer lines and determined that sewer lines appear to be in good condition, with no visible signs of blockages or damage.
- Zoning Conformance – Zoning Research Group (ZRG) evaluated the zoning conformance of Starling Place and communicated with the City of San Diego Development Services Department to determine if the proposed use of the property as a Single-Room Occupancy (SRO) hotel was allowed. The site is zoned CN-1-2, Commercial-Neighborhood, and pursuant to the Land Development Code, allows for the development of SRO hotels by-right. The proposed SRO hotel is considered a Visitor Accommodation use, and units must meet the definition of an efficiency unit as described in the California Health and Safety Code section 17958.1. All units meet the definition of an efficiency unit as-is at acquisition. A review of the City of San Diego's Code Enforcement website by ZRG did not reveal any open building or zoning code violations.

PREVAILING WAGES

Per Section 509 of the State's NOFA, the use of Homekey+ funds is subject to California's prevailing wage law (Lab. Code, § 1720 et seq.). Further, any contract executed requiring payment of prevailing wages for this project shall include applicable clauses and require the general contractor to sign and submit the prevailing wage documents prior to the start of work. The payment of prevailing wages has been included in the project budget. The proposed use of 40 VASH Project-Based Vouchers, which SDHC administers, will require the payment of federal Davis-Bacon prevailing wages. The higher of the federal or state prevailing wages will apply.

AFFORDABLE HOUSING IMPACT

This project would support the development of 80 affordable rental housing units with supportive services for individuals experiencing homelessness with income up to 30 percent of AMI. SDHC has committed 40 VASH Project-Based Vouchers (PBVs) for VASH-eligible veterans experiencing homelessness in the City of San Diego. Additionally, 20 units will be dedicated to individuals experiencing chronic homelessness, and 20 units dedicated to individuals at risk of experiencing homelessness. Residents will be identified through referrals from the Coordinated Entry System. At-risk residents will be referred by the County's Safe Haven Program. Under the VASH PBV program, the tenant's rent portion is determined by using 30% of the adjusted annual income with the remainder being federally subsidized up to the payment standard, subject to rent reasonableness and approval by SDHC.

FISCAL CONSIDERATIONS

The Housing Authority-approved Fiscal Year (FY) 2026 SDHC budget included \$26,490,313 in State of California (State) Homekey+ funds; \$11,541,893 in City of San Diego funds; and \$7,000,000 in County

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of San Diego funds to support the proposed acquisition and upgrades of Starling Place. The City of San Diego recently increased the dollar amount it has granted to SDHC to a total of \$12,134,986. Approving the proposed actions will increase the approved FY 2026 SDHC budget by \$593,093 in City funds granted to SDHC. Sources and Uses are shown in the following tables:

SOURCES	Cost	Per Unit
Local Match Funding – City of San Diego	\$12,134,986	\$147,988
Local Match Funding – County of San Diego	\$7,000,000	\$85,366
State Homekey+ Funds	\$26,490,313	\$323,053
Deferred Developer Fee	\$700,760	\$8,546
Total Project Sources	\$46,326,059	\$564,953

USES	Cost	Per Unit
Land/Acquisition	\$37,365,000*	\$455,671
Hard Costs	\$4,599,493	\$56,091
Permits & Fees	\$120,192	\$1,466
Architecture and Engineering	\$516,000	\$6,293
Third-Party Reports	\$94,383	\$1,151
Reserves	\$1,064,742	\$12,985
Other Soft Costs	\$814,249	\$9,930
Developer Fee	\$1,752,000	\$21,366
Total Project Uses	\$46,326,059	\$564,953

* The acquisition cost is \$15,000 more than the purchase price to cover estimated escrow and title fees.

PREVIOUS SDHC BOARD OF COMMISSIONERS ACTIONS

On April 25, 2025, the SDHC Board voted 7-0 to authorize SDHC to execute a Purchase and Sales Agreement by and between SDHC and Tusore Hospitality, Inc. (Seller), with a purchase price not to exceed \$37,350,000 for the property at 7798 Starling Dr., San Diego, CA 92123. The SDHC Board also approved the commencement of Due Diligence activities and a Due Diligence budget not to exceed \$250,000. The SDHC Board also authorized SDHC to submit an application to the State of California Department of Housing and Community Development Homekey+ Program for grant funds in an amount not to exceed \$35,000,000 (Resolution No. HCR25-018).

On September 12, 2025, the SDHC Board voted 6-0 to authorize a predevelopment budget for Starling Place in an amount not to exceed \$617,504.40 (Report No. HCR25-060).

On November 7, 2025, the SDHC Board voted 5-0 to approve a Revised Resolution (Attachment 5) authorizing SDHC to apply for State Homekey+ Program grant funds. The previously approved SDHC Board resolution needed to be revised to specify that the Starling Drive property is existing housing, as defined by the regulations contained at 24 CFR 983.3 (Report No. HCR25-075).

On October 16, 2012, the Housing Authority of the City of San Diego adopted Resolution No. HA-1569, authorizing SDHC to apply for and accept awards of grant funds without Housing Authority approval as long as the fund support programs or activities consistent with SDHC's mission and goals previously approved by the Housing Authority and to commit matching funds if required by the grant, whenever SDHC funds are available for that purpose. The resolution further authorized SDHC's President and

CEO, or designee, to amend SDHC's budget to include any grant awards SDHC receives and to execute agreements, contracts and subgrants in furtherance of any grant up to and including the total grant amount, without the Housing Authority's approval.

SDHC STRATEGIC PLAN

This item relates to Strategic Priority Area No. 3 in SDHC's Strategic Plan for Fiscal Years 2026 – 2030: Create and Preserve Housing.

NONDISCRIMINATION ASSURANCE

SDHC will ensure that the Department's Homekey+ Program funds are used in accordance with the Department's requirements.

At SDHC, we're about people. We are committed to ensuring a compassionate, person-centered approach to SDHC's programs, policies, projects and activities and serving our community impartially, fairly and without bias. We are also committed to ensuring compliance with all applicable federal, state and local laws and protections to the extent that they affect this action relative to nondiscrimination.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Key stakeholders for this potential acquisition include the Seller, SDHC, the Serra Mesa community, the City of San Diego, County of San Diego, and individuals/households experiencing homelessness or who are at -risk for homelessness.

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA)

Accepting funds to support 7798 Starling Drive is not a project as defined by the California Environmental Quality Act Section 21065 and State CEQA Guidelines Section 15378(b) (4) as a government fiscal activity that does not involve commitment of funds to a specific project and Section 15378(b) (5) as an administrative activity of government that will not result in direct or indirect physical changes in the environment. Additionally, the acquisition of and proposed work at 7798 Starling Drive is exempt pursuant to CEQA Guidelines Section 15301, 15302, 15304, and 15306. The City of San Diego conducted an environmental review and determined the project is exempt from CEQA pursuant to CEQA Guidelines Sections 15301 (d) (Existing Facilities), 15302 (c) (Replacement or Reconstruction), 15304 (Minor Alterations to Land), and 15306 (Information Collection). This activity is exempt pursuant to CEQA Guidelines Section 15301 (d) (Existing Facilities), which consists of restoration or rehabilitation of deteriorated or damaged structures, facilities, or mechanical equipment to meet current standards of public health and safety; Section 15302 (c) (Replacement or Reconstruction), which consists of the replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity; 15304 (Minor Alterations to Land), which consists of minor public or private alterations in the condition of land, water, and/or vegetation which do not involve removal of healthy, mature, scenic trees except for forestry or agricultural purposes; and 15306 (Information Collection) which consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded. The exceptions outlined in CEQA Guidelines Section 15300.2 would not apply as 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.

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National Environmental Policy Act (NEPA)

Federal funds constitute a portion of the project's funding. Initial NEPA approval was received from the City of San Diego April 7, 2025, and supplemental approvals were received on May 27, 2025, and December 19, 2025.

Respectfully submitted,

Robert G. Bohrer

Robert G. Bohrer
Vice President, Real Estate Finance & Acquisitions
Real Estate Division

Approved by,

Jeff Davis

Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

Attachments:

- 1) Pro forma
- 2) Appraisal
- 3) Homekey+ Award Letter
- 4) Purchase and Sales Agreement
- 5) Homekey+ Resolution

A printed copy is available for review during business hours at the information desk in the main lobby of SDHC's offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of SDHC's website at www.sdhc.org.

Attachment 1

Starling Place

Draft Date: 12/23/2025 - 4:17 PM

SECTION 1: PROJECT INFORMATION AND ACQUISITION ASSUMPTIONS

GENERAL PROJECT INFORMATION	
Project Name	Starling Place
Purchase Price	\$37,365,000
Project Address	7798 Starling Dr
	Choice Communities
Year Built	0
Total Units	82
Total Affordable Units	80
MSA	San Diego County
Area Media Income	
Project Type	
Prospected Owner Entity	SDHC

BUILDING AREA	
Gross Building Square Footage	820 sf
Residential	820 sf
Common Area	- sf
Land	sf
	sf
	- sf
	- sf
	- sf
Approximate Gross Building Area	sf

SECTION 2: UNIT MIX & PROJECT INCOME

RESIDENTIAL INCOME												
Bedroom Type		Number of Units	% of Total	Net Area (SF)	Gross Square Feet	Section 8 Payment Standard	Utility Allowance		Max Rent		Monthly Income	Annual Income
PSH	Studio	34	42.0%	320	10,880	\$2,234	\$0		\$2,234		75,956	\$911,472
	Studio VASH	23	28.4%	320	7,360	\$2,234			\$2,234		51,382	\$616,584
PSH	1BD	6	7.4%	500	3,000	\$2,636	\$0		\$2,636		15,816	\$189,792
PSH	1BD VASH	17	21.0%	500	8,500	\$2,636	\$0		\$2,636		44,812	\$537,744
Manager	Studio	1	1.2%	320	320	\$0	\$0	-\$1				
Manager	1BD	1	1.2%	500	500	\$0	\$0	\$0	\$0	0%	-	\$0
Total/Average		82	101.2%	373	820	\$0	\$0.00		\$0	0%	187,966	\$2,255,592

COMMERCIAL INCOME (NNN)				
Unit Type	Net SF	\$/SF/Month	Monthly	Annual
Commercial Suites	0	\$0.00	\$0	\$0
Vacancy	5%			\$0
Total				\$0

OTHER INCOME				
Residential	\$/unit/Month	Monthly	Annual	
Parking Income	\$0.00	\$0	\$0	
Storage Income	\$0.00	\$0	\$0	
Laundry Income	\$2.92	\$233	\$2,800	
Fees and Charges	\$0.00	\$0	\$0	
Other	\$0.00	\$0	\$0	
Total other income/month	\$2.92	\$233	\$2,800	

ESCALATORS & VACANCY	
Item	Rate
Escalator for Income	2.5%
Escalator for Expenses	3.5%
Escalator for P'ship Expenses	3.0%
Escalator for Misc Expenses	1.0%
Residential Vacancy	5.0%

SECTION 3: EXPENSES

Category		PUPA		Total Annual
Admin	381,536	\$4,653	per unit	\$0
Utilities	306,188	\$3,734	per unit	\$0
Maintenance	472,430	\$5,761	per unit	\$0
Security	349,200	\$4,259		\$0
Insurance/Taxes	89,756	\$1,095	per unit	\$0
Bad Debt	38,698	\$472	per unit	\$0
Replacement Reserves	41,000	\$500	per unit	\$0
Supportive Services		\$0		\$0
Asset Management Fee	-	\$0	per unit	\$0
Total Expenses	1,678,808	\$20,473		\$0

SECTION 4: PROJECT MILESTONES

Approval Milestones	Date

SECTION 5: ASSUMPTIONS

Waterfall Assumptions		
Other Assumptions		
MTW FY21 Plan TDC Max Studio	\$	179,399
MTW FY21 Plan TDC Max 2-Bed	\$	322,918

SECTION 6: FINANCING SOURCE ASSUMPTIONS

RESERVED (PERM LOAN)		RESERVED (CONSTRUCTION LOAN)	
DCR	1.15		
Amort (Years)	-		
All-in Rate	0.00%		
Annual PMT	-		
Perm Loan Amt	\$0		
TBD SOFT FUNDING		RESERVED (LIHTC EQUITY)	
Principal	\$0		
Interest (Simple)	3.00%		
Term	55		
Annual Payment	Residual Rec.		
SOFT FUNDING TBD		ACQUIRED RESERVES	
Principal	\$0	Existing Reserves	\$0
Interest (Simple)	3.00%		
Term	55		
Annual Payment	Residual Rec.		
SOFT FUNDING TBD		RESERVED (PAY-IN SCHEDULE)	
Principal	\$0		
Interest (Simple)	3.00%		
Term	55		
Annual Payment	Residual Rec.		

SECTION 7: QUICK LOOK SUMMARY

Operating Summary	Total	Per Unit	% of EG
Gross Rental Income	\$2,255,592	\$27,507	
Other Income	\$2,800	\$34	
(Less) Vacancy @ 5%	<u>(\$57,856)</u>	<u>(\$706)</u>	
Effective Gross	\$2,200,536	\$26,836	
Commercial Income	\$0	\$0	
(Less) Vacancy @ 0%	<u>\$0</u>	<u>\$0</u>	
Total Gross	\$2,200,536	\$26,836	
(Less) Operating Exp	\$1,641,808	\$20,022	
(Less) Other Expenses	<u>(\$4,000)</u>	<u>(\$49)</u>	
Net Operating Income	\$3,838,344	\$46,809	
(Less) Debt Service	\$0	\$0	
Net Cash Flow	\$3,838,344	\$46,809	

Developer Fee Installments	
Closing	
25% Completion	
50% Completion	
75% Completion	
100% Completion	
8609s	
Deferred	
Total Developer Fee	0%

Sources:	Total	Per Unit	% of Total
STATE HCD FUNDS	26,490,313	323,053	57.2%
PERM LOAN	-	-	0.0%
CITY - CDBG	11,541,893	140,755	24.9%
COUNTY OF SAN DIEGO	7,000,000	85,366	15.1%
SDHC - CDBG	593,093	7,233	1.3%
DEFERRED DEVELOPER FEE	700,760	8,546	1.5%
GAP	0	\$0	0.0%
Total Sources	46,326,059	\$564,952	100%

Uses:	Total	Per Unit	% of Total
ACQUISITION COSTS	37,365,000	\$455,671	80.7%
HARD COSTS	4,599,493	\$56,091	9.9%
PERMITS & FEES	120,192	\$1,466	0.3%
A&E	516,000	\$6,293	1.1%
THIRD PARTY REPORTS	94,383	\$1,151	0.2%
FINANCING COSTS	-	\$0	0.0%
RESERVES	1,064,742	\$12,985	2.3%
OTHER SOFT COSTS	814,249	\$9,930	1.8%
DEVELOPER FEE	1,752,000	\$21,366	3.8%
Total Uses	46,326,059	\$564,952	100.0%

Starling Place
DEVELOPMENT COSTS

		Unit Cost	Cost Driver	Total	Per Unit	% of Total	Amount	HCD Account
ACQUISITION COSTS								
1005	LAND	\$0	Total	5,400,000	65,854	11.7%	5,400,000	Land Cost or Value
9000-01-120	ACQUISITION COSTS	\$37,350,000	Fixed (calc)	31,950,000	389,634	69.0%	31,950,000	Existing Improvements Cos
1015	ESCROW DEPOSIT - Refundable		Total	-	-	0.0%	-	
1020	ESCROW DEPOSIT - NonRefundable	\$0		-	-		-	
1025	BROKER FEE/COMMISSION	0.0%	of Acq. pric	-	-	0.0%	-	Other Costs: Finders Fees
1030	OTHER ACQUISITION COSTS	0.10%	of Acq. pric	15,000	183	0.0%	15,000	Title & Recording
TOTAL ACQUISITION & CLOSING COSTS				37,365,000	455,671	80.7%	37,365,000	-
HARD COSTS								
	COMMERCIAL RENOVATIONS (includes GC Fees)	\$0	Total	-	-	0.0%		
	COMMERCIAL TENANT IMPROVEMENTS (TI's)	\$0	Total	-	-	0.0%		
2005	DEMOLITION	\$0		-	-	0.0%		
2032	NON-CONTRACT HARD COSTS	0.00%		593,093	-	1.3%	593,093	NON-CONTRACT HARD CO
9000-01-190	REHABILITATION (RESIDENTIAL) Prevail. Wage	\$40,000	Per Unit	3,200,000	39,024	6.9%	3,200,000	Structures
2035	COMMERCIAL HARD CONSTRUCTION COSTS	\$0		-	-	0.0%	-	Prevailing Wage
9000-01-290	GENERAL CONDITIONS/REQUIREMENTS	4.00%	of hard cost	128,000	1,561	0.3%	128,000	General Requirements
9000-01-295	GENERAL CONTRACTOR FEE (OHP)	6.00%		192,000	2,341	0.4%	192,000	Contractor Profit
	GENERAL CONTRACTOR OVERHEAD	2.00%		64,000	780	0.1%	64,000	Contractor Overhead
9000-01-270	BONDING & INSURANCE	2.00%		64,000	780	0.1%	64,000	General Liability Insurance
9000-01-200	HARD COST CONTINGENCY (OWNER)	10.00%	of contract	358,400	4,371	0.8%	358,400	Construction Hard Cost Co
TOTAL HARD COSTS				4,599,493	48,859	9.9%	4,599,493	-
PERMITS & FEES								
9000-01-140	MUNICIPAL	3.00%	Per Unit	120,192	1,466	0.3%	120,192	Permit Processing Fees
	PLAN CHECK	\$0	Per Unit	-	-	0.0%		
	DEVELOPMENT IMPACT FEES	\$0	Per Unit	-	-	0.0%		
	MISCLEANEOUS FEES	\$0	Total	-	-	0.0%		
TOTAL PERMITS & FEES				120,192	1,466	0.3%	120,192	-
ARCHITECTURE & ENGINEERING								
9000-01-140	ARCHITECT	7.00%	Total	366,000	4,463	0.8%	366,000	Design
4010	CIVIL ENGINEERING	\$100,000	Total	100,000	1,220	0.2%	100,000	Total Survey & Engineering
4030	OTHER CONSULTANTS-SPECIAL INSPECTIONS	\$50,000	Total	50,000	610	0.1%	50,000	Total Survey & Engineering
TOTAL ARCHITECTURE & ENGINEERING				516,000	6,293	1.1%	516,000	-
THIRD PARTY REPORTS								
9000-01-150	APPRAISAL	\$10,000	Total	18,550	226	0.0%	18,550	Appraisal Costs
9000-01-070	MARKET STUDY	\$10,000		-	-	0.0%	-	Market Study
9000-01-030	ENVIRONMENTAL (PH1 & PH2)	\$15,000	Total	2,600	32	0.0%	2,600	Environmental Audit
9000-01-180	PHYSICAL NEEDS ASSESSMENT	\$10,000	Total	6,700	82	0.0%	6,700	Other Costs: Physical Need
9000-01-010	ALTA SURVEY	\$11,100		15,000	183	0.0%	15,000	Other Costs: Alta
9000-01-090	OTHER CONSULTANTS	\$59,003		11,300	138	0.0%	11,300	Other Misc Consultants &
9000-01-170	OTHER TECHNICAL REPORTS	\$50,210	Total	31,925	389	0.1%	31,925	Other Misc Consultants &
9000-01-250	THIRD PARTY REPORT CONTINGENCY	10.00%	Total	8,308	101	0.0%	8,308	Other Misc Consultants &
TOTAL DILIGENCE COSTS				94,383	1,151	0.2%	94,383	-
FINANCING COSTS								
TOTAL FINANCING COSTS				-	-	0.0%		
RESERVES								
9000-01-300	REPLACEMENT RESERVE - INITIAL DEPOSIT	\$500	Per Unit	13,667	167	0.0%	13,667	Replacement Reserve
9000-01-015	LEASE UP RESERVE	3		363,493	4,433	0.8%	363,493	Rent Reserve
9000-01-305	OPERATING RESERVE	4		687,582	8,385	1.5%	687,582	Operating Reserve
TOTAL RESERVES				1,064,742	12,985	0.8%	1,064,742	-
OTHER SOFT COSTS								
9100-09-005	LEGAL - DEVELOPER	\$50,000	Total	25,000	305	0.1%	25,000	Legal Paid by Applicant
	Preoperational holding costs			30,000			30,000	Other Misc Consultants &
9000-01-350	ACCOUNTING/COST CERT	\$0	Total		-	0.0%	-	
9000-01-360	BANK FEES	\$0			-		-	
9000-01-210	RELOCATION COSTS	\$150,000	Total	300,000	3,659	0.6%	300,000	Relocation
9000-01-180	RELOCATION STUDY	\$3,500	Total	22,705	277	0.0%	22,705	Other Costs: Relocation St
9000-01-370	PREPAID INSURANCE	\$75,000	Total	75,000	915	0.2%	75,000	Insurance
9000-01-230	TITLE/ESCROW/RECORDING/TRANSFER TAX	\$0	Total	-	-	0.0%	-	Title & Recording
	REAL ESTATE TAXES	\$0	Total	-	-	0.0%	-	
	CONSTRUCTION MANAGEMENT	\$0	Total	-	-	0.0%	-	
9000-01-285	LABOR COMPLIANCE	\$42,067		42,067	513	0.1%	42,067	Other Costs: Labor Compli
9000-01-380	BORROWER FINANCIAL ANALYST	\$15,000	Total	5,000	61	0.0%	5,000	Other Misc Consultants &
9100-02-010	FF&E - RESIDENTIAL	\$2,000	Per Unit	160,000	1,951	0.3%	160,000	Furnishings
9100-02-010	FF&E - COMMON AREA	\$125,000	Per Unit	125,000	1,524	0.3%	125,000	Furnishings
9000-01-100	SOFT COST CONTINGENCY	10.00%	% of Soft Co	29,477	359	0.1%	29,477	Soft Cost Contingency
TOTAL OTHER SOFT COSTS				814,249	9,564	1.8%	814,249	-
DEVELOPER FEE								
9000-01-390	DEVELOPER FEE - Perm	30	26000	1,051,240	12,820	2.3%	1,051,240	Developer Overhead/Profi
9000-01-400	DEVELOPER FEE - Deferred	60	10500	700,760	8,546	1.5%	700,760	Developer Overhead/Profi
TOTAL DEVELOPER FEE				1,752,000	21,366	3.8%	1,752,000	-
GRAND TOTAL DEVELOPMENT COSTS				46,326,059	557,353	98.5%	46,326,059	-

Starling Place																	
Cash Flow Analysis 1.1																	
OPERATING BUDGET		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	Year 16
Bedr Rents																	
0	2,234 VASH	616,584	628,916	641,494	654,324	667,410	680,759	694,374	708,261	722,426	736,875	751,612	766,645	781,978	797,617	813,569	829,841
1	2,636 VASH	537,744	548,499	559,469	570,658	582,071	593,713	605,587	617,699	630,053	642,654	655,507	668,617	681,989	695,629	709,542	723,733
0	2,234 County	911,472	911,472	911,472	-	-	-	-	-	-	-	-	-	-	-	-	-
1	2,636 County	189,792	189,792	189,792	56,208	-	-	-	-	-	-	-	-	-	-	-	-
0	Homekey Operating Subsidy	-	-	-	681,773	794,568	853,504	914,878	978,781	497,927							
	Homekey Veteran Units Additional Operating A	-	-	-	-	-	-	-	-	470,766	729,234	-	-	-	-	-	-
GROSS RENTAL INCOME		2,255,592	2,278,679	2,302,227	1,962,963	2,044,050	2,127,975	2,214,839	2,304,741	2,321,172	2,108,763	1,407,119	1,435,262	1,463,967	1,493,246	1,523,111	1,553,574
Other Income		2,800	2,870	2,942	3,015	3,091	3,168	3,247	3,328	3,412	3,497	3,584	3,674	3,766	3,860	3,956	4,055
(Less) Vacancy @ 5%		(57,856)	(59,014)	(60,195)	(61,400)	(62,629)	(63,882)	(65,160)	(66,464)	(67,795)	(69,151)	(70,535)	(71,947)	(73,387)	(74,855)	(76,353)	(77,881)
EFFECTIVE GROSS INCOME		2,200,536	2,222,534	2,244,973	1,904,579	1,984,512	2,067,261	2,152,926	2,241,605	2,256,789	2,043,108	1,340,168	1,366,989	1,394,346	1,422,251	1,450,714	1,479,747
Commercial Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL GROSS INCOME		2,200,536	2,222,534	2,244,973	1,904,579	1,984,512	2,067,261	2,152,926	2,241,605	2,256,789	2,043,108	1,340,168	1,366,989	1,394,346	1,422,251	1,450,714	1,479,747
Operating Expenses		3.50%	1,641,808	1,699,271	1,758,746	1,820,302	1,884,012	1,949,953	2,018,201	2,088,838	2,161,948	2,237,616	2,315,932	2,396,990	2,480,885	2,567,716	2,657,586
Other Expenses		1.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET OPERATING INCOME		558,728	523,263	486,228	84,277	100,499	117,308	134,724	152,767	94,842	(194,507)	(975,764)	(1,030,001)	(1,086,539)	(1,145,465)	(1,206,871)	(1,270,854)
(Less) Debt Service		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PROJECT CASH FLOW		558,728	523,263	486,228	84,277	100,499	117,308	134,724	152,767	94,842	(194,507)	(975,764)	(1,030,001)	(1,086,539)	(1,145,465)	(1,206,871)	(1,270,854)
Replacement Reserve Depos		0.00%	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)
Cash Flow After Reserves		517,728	482,263	445,228	43,277	59,499	76,308	93,724	111,767	53,842	(235,507)	(1,016,764)	(1,071,001)	(1,127,539)	(1,186,465)	(1,247,871)	(1,311,854)
Asset Management Fee		3.50%	(40,888)	(42,319)	(43,800)	(45,333)	(46,920)	(48,562)	(50,262)	(52,021)	(53,842)	(55,726)	(57,677)	(59,695)	(61,785)	(63,947)	(66,185)
Cash Flow after Reserves and AM Fees		476,840	439,944	401,427	(2,057)	12,579	27,746	43,463	59,746	(0)	(291,234)	(1,074,440)	(1,130,696)	(1,189,323)	(1,250,412)	(1,314,057)	(1,380,355)
DEFERRED DEVELOPER FEE																	
Beginning Balance		700,760	223,920	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Deferred Fee		0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Less) Developer Fee PMT		100.00%	(476,840)	(223,920)	-	-	-	-	-	-	-	-	-	-	-	-	-
Developer Fee Balance		223,920	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserve			216,024	401,427	(2,057)	12,579	27,746	43,463	59,746	(0)	(291,234)	(467,695)	-	-	-	-	-
Remaining Cash Flow		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SDHC Cash Flow		75.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County of SD Cash Flow		25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SD County Loan																	
Beginning Balance		7,000,000	7,210,000	7,426,300	7,649,089	7,878,562	8,114,919	8,358,366	8,609,117	8,867,391	9,133,412	9,407,415	9,689,637	9,980,326	10,279,736	10,588,128	10,905,772
Interest		3.00%	210,000	216,300	222,789	229,473	236,357	243,448	250,751	258,274	266,022	274,002	282,222	290,689	299,410	308,392	317,644
(Less) Payments			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SD County Loan Balance		7,210,000	7,426,300	7,649,089	7,878,562	8,114,919	8,358,366	8,609,117	8,867,391	9,133,412	9,407,415	9,689,637	9,980,326	10,279,736	10,588,128	10,905,772	11,232,945

Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
846,438	863,366	880,634	898,246	916,211	934,536	953,226	972,291	991,737	1,011,571	1,031,803	1,052,439	1,073,488	1,094,957
738,207	752,971	768,031	783,391	799,059	815,040	831,341	847,968	864,927	882,226	899,871	917,868	936,225	954,950
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,584,645	1,616,338	1,648,665	1,681,638	1,715,271	1,749,576	1,784,568	1,820,259	1,856,664	1,893,797	1,931,673	1,970,307	2,009,713	2,049,907
4,157	4,261	4,367	4,476	4,588	4,703	4,820	4,941	5,064	5,191	5,321	5,454	5,590	5,730
(79,440)	(81,030)	(82,652)	(84,306)	(85,993)	(87,714)	(89,469)	(91,260)	(93,086)	(94,949)	(96,850)	(98,788)	(100,765)	(102,782)
1,509,362	1,539,568	1,570,380	1,601,808	1,633,866	1,666,565	1,699,919	1,733,940	1,768,642	1,804,039	1,840,144	1,876,973	1,914,538	1,952,855
-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,509,362	1,539,568	1,570,380	1,601,808	1,633,866	1,666,565	1,699,919	1,733,940	1,768,642	1,804,039	1,840,144	1,876,973	1,914,538	1,952,855
2,846,872	2,946,513	3,049,641	3,156,378	3,266,851	3,381,191	3,499,533	3,622,016	3,748,787	3,879,995	4,015,794	4,156,347	4,301,819	4,452,383
-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1,337,511)	(1,406,944)	(1,479,261)	(1,554,570)	(1,632,985)	(1,714,626)	(1,799,614)	(1,888,077)	(1,980,145)	(2,075,955)	(2,175,650)	(2,279,374)	(2,387,281)	(2,499,528)
-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1,337,511)	(1,406,944)	(1,479,261)	(1,554,570)	(1,632,985)	(1,714,626)	(1,799,614)	(1,888,077)	(1,980,145)	(2,075,955)	(2,175,650)	(2,279,374)	(2,387,281)	(2,499,528)
(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)
(1,378,511)	(1,447,944)	(1,520,261)	(1,595,570)	(1,673,985)	(1,755,626)	(1,840,614)	(1,929,077)	(2,021,145)	(2,116,955)	(2,216,650)	(2,320,374)	(2,428,281)	(2,540,528)
(70,899)	(73,381)	(75,949)	(78,607)	(81,358)	(84,206)	(87,153)	(90,204)	(93,361)	(96,628)	(100,010)	(103,511)	(107,134)	(110,883)
(1,449,410)	(1,521,325)	(1,596,210)	(1,674,177)	(1,755,344)	(1,839,832)	(1,927,767)	(2,019,280)	(2,114,506)	(2,213,584)	(2,316,660)	(2,423,885)	(2,535,415)	(2,651,411)
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
11,232,945	11,569,933	11,917,031	12,274,542	12,642,779	13,022,062	13,412,724	13,815,106	14,229,559	14,656,446	15,096,139	15,549,023	16,015,494	16,495,959
336,988	347,098	357,511	368,236	379,283	390,662	402,382	414,453	426,887	439,693	452,884	466,471	480,465	494,879
-	-	-	-	-	-	-	-	-	-	-	-	-	-
11,569,933	11,917,031	12,274,542	12,642,779	13,022,062	13,412,724	13,815,106	14,229,559	14,656,446	15,096,139	15,549,023	16,015,494	16,495,959	16,990,837

A MARKET VALUATION OF:
Starling Place

A MARKET VALUATION OF: **STARLING PLACE**

7798 Starling Drive
San Diego, San Diego County, CA 92123

Inspection Date: May 12, 2025
Effective Date: May 12, 2025
Report Date: August 15, 2025

Prepared for:
Buddy Bohrer
Vice President, Real Estate Finance & Acquisitions
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

Prepared by:
Novogradac
Energy Square, 4849 Greenville Avenue, First Floor, Building 2
Dallas, Texas 75206
469-329-5215





August 15, 2025

Buddy Bohrer
Vice President, Real Estate Finance & Acquisitions
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

Re: Appraisal of Starling Place
7798 Starling Drive
San Diego, San Diego County, CA 92123

Dear Buddy Bohrer:

At your request, Novogradac & Company LLP doing business under the brand name Novogradac Consulting ("Novogradac") is pleased to present our findings with respect to the value of the above-referenced property, Starling Place ("Subject"). The Subject is an existing 90-unit short-term rental property. This letter serves as an introduction to the attached appraisal. Thus, the value opinions expressed in this introduction letter must be taken in context with the full appraisal report. We have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. As requested, we are providing a written appraisal report that includes the following value estimates, which are described and defined below.

- Value of the land 'As if Vacant'
- As is market value of the fee simple interest in the property

Please refer to the complete assumptions and limiting conditions contained in the Addenda of this report.

San Diego Housing Commission is the client in this engagement. We understand that they will use this document to assist in obtaining HCD Homekey+ program funds, and we have relied upon your representation in offering to provide the services described herein. Intended users are those transaction participants who are interested parties and have knowledge of the HCD Homekey+ program, including HCD and the State of California. These could include local housing authorities, state allocation agencies, state lending authorities, construction and permanent lenders, and investors. As our client, San Diego Housing Commission owns this report and permission must be granted from them before another third party can use this document. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential users under a separate agreement.

This valuation engagement was conducted in accordance with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which standards incorporate the Uniform Standards of Professional Appraisal Practice (USPAP). In accordance with these standards, we have reported our findings herein in an appraisal report, as defined by USPAP.

This report is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it presents limited discussions of the data, reasoning, and analyses that were used. Supporting documentation concerning the

data, reasoning, and analyses is retained in the appraiser's work file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use as noted herein.

The authors of this report certify that we are not part of the development team, owner of the Subject property, general contractor, nor are we affiliated with any member of the development team engaged in the development of the Subject property or the development's partners or intended partners.

The Subject site was inspected by Austin Perkins and Rebecca S. Arthur, a state certified general appraiser, on May 12, 2025, which will serve as the effective date of this report.

For the purposes of this assignment, fair market value is defined as:

The highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing and able to buy but under no particular necessity for so doing, each dealing with each other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

Source: Code of Civil Procedure, Section 1263.320(a)

The value of the underlying land as if hypothetically vacant in the fee simple interest, as of May 12, 2025, is:

FIVE MILLION FOUR HUNDRED THOUSAND DOLLARS
(\$5,400,000)

The Subject's fee simple market value as is, as of May 12, 2025, is:

THIRTY-SEVEN MILLION FOUR HUNDRED THOUSAND DOLLARS
(\$37,400,000)

Please refer to the complete assumptions and limiting conditions contained in the Addenda of this report.

We appreciate this opportunity to be of service. Please contact us if you have any comments or questions.

Respectfully submitted,
Novogradac



Rebecca S. Arthur, MAI
Partner
Rebecca.Arthur@novoco.com
913.312.4615
Certified General Real Estate Appraiser
CA License No.: AG 041010
Expiration Date: June 30, 2026

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ADDENDUM A - ASSUMPTIONS AND LIMITING CONDITIONS, CERTIFICATION

ADDENDUM B - QUALIFICATIONS OF CONSULTANTS

ADDENDUM C - SUBJECT PROPERTY AND NEIGHBORHOOD PHOTOS

ADDENDUM D - RENT ROLL

ADDENDUM E - FINANCIALS

ADDENDUM F - SURVEY/FLOOR PLANS

ADDENDUM G - PURCHASE AND SALE AGREEMENT

ADDENDUM H - TITLE REPORT AND EXCEPTION ANALYSIS

ADDENDUM I - HOMEKEY+ APPRAISAL GUIDELINES

I. FACTUAL DESCRIPTION

FACTUAL DESCRIPTION

Appraisal Assignment and Valuation Approach

As requested, the appraisers provided our estimate of the land as if hypothetically vacant, as well as the as is market value of the fee simple interest in the property.

In determining the value estimates, the appraisers considered the cost, the sales comparison, and the income capitalization approaches to value. The Subject property is an existing short-term rental development.

In the cost approach to value, the value of the land is estimated. Next, the cost of the improvements as if new is estimated. Accrued depreciation is deducted from the estimated cost new to estimate the value of the Subject property in its current condition. The resultant figure indicates the value of the whole property based on cost. Generally, land value is obtained through comparable land sales. Replacement or reproduction costs, as appropriate, are taken from cost manuals, unless actual current cost figures are available. Given the Subject's age and investment type, the cost approach is not considered a reliable method of valuation. Further, it is generally not used by participants in the marketplace.

The income capitalization approach involves an analysis of the investment characteristics of the property under valuation. The earnings' potential of the property is carefully estimated and converted into an estimate of the property's market value.

The sales comparison approach involves a comparison of the appraised property with similar properties that have sold recently. When properties are not directly comparable, sale prices may be broken down into units of comparison, which are then applied to the Subject for an indication of its likely selling price.

Property Identification

The Subject property is located at 7798 Starling Drive, in San Diego, San Diego County, California 92123. The Subject property is identified by the San Diego County Assessor as parcel number 4275001200.

Intended Use and Intended User

San Diego Housing Commission is the client in this engagement. We understand that they will use this document to assist in obtaining HCD Homekey+ program funds, and we have relied upon your representation in offering to provide the services described herein. Intended users are those transaction participants who are interested parties and have knowledge of the HCD Homekey+ program, including HCD and the State of California. These could include local housing authorities, state allocation agencies, state lending authorities, construction and permanent lenders, and investors. As our client, San Diego Housing Commission owns this report and permission must be granted from them before another third party can use this document. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential users under a separate agreement.

Property Interest Appraised

The property interest appraised is fee simple, subject to any and all encumbrances.

Date of Inspection and Effective Date of Appraisal

The Subject was inspected on May 12, 2025, and this will serve as the effective date for the report.

Scope of the Appraisal

For the purposes of this appraisal, Novogradac visually inspected the Subject and comparable data. Individuals from a variety of city agencies as well as the Subject's development team were consulted (in person or by phone). Various publications, both governmental (i.e. zoning ordinances) and private (i.e. Multiple List Services publications) were consulted and considered in the course of completing this appraisal.

The scope of this appraisal is limited to the gathering, verification, analysis and reporting of the available pertinent market data. All opinions are unbiased and objective with regard to value. The appraiser made a reasonable effort to collect, screen and process the best available information relevant to the valuation assignment and has not knowingly and/or intentionally withheld pertinent data from comparative analysis. Due to data source limitations and legal constraints (disclosure laws), however, the appraiser does not certify that all data was taken into consideration. We believe the scope of work is appropriate for the problem stated.

For the purposes of this appraisal, we have utilized the sales comparison and income approach to complete this assignment based on the scope of work required. The cost approach has not been developed given the age and investment type of the Subject.

Extraordinary Assumptions (EA) and Hypothetical Conditions (HC)

We were not provided with any third-party reports for the Subject property. It is an extraordinary assumption of this report that there exist no environmental conditions or deferred maintenance that would affect the value of the Subject.

The use of these extraordinary assumptions and/or hypothetical conditions may impact assignment results. No other hypothetical conditions or extraordinary assumptions were necessary to complete the valuation for the Subject. We have included a more in depth summary of any limiting conditions in the addenda of this report.

Market Value Definition

For the purposes of this assignment, fair market value is defined as:

The highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing and able to buy but under no particular necessity for so doing, each dealing with each other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

Source: Code of Civil Procedure, Section 1263.320(a)

Compliance and Competency Provision

The appraiser is aware of the compliance and competency provisions of USPAP, and within our understanding of those provisions, this report complies with all mandatory requirements, and the authors of this report possess the education, knowledge, technical skills, and practical experience to complete this assignment competently, in conformance with the stated regulations.

Unavailability of Information

In general, all information necessary to develop an estimate of value of the Subject property was available to the appraisers.

Furniture, Fixtures, and Equipment

Removable fixtures such as kitchen appliances and hot water heaters are considered to be real estate fixtures that are essential to the use and operation of the complex. Supplemental income typically obtained in the operation of an apartment complex is included, and may include minor elements of personal and business property. As immaterial components, no attempt is made to segregate these items.

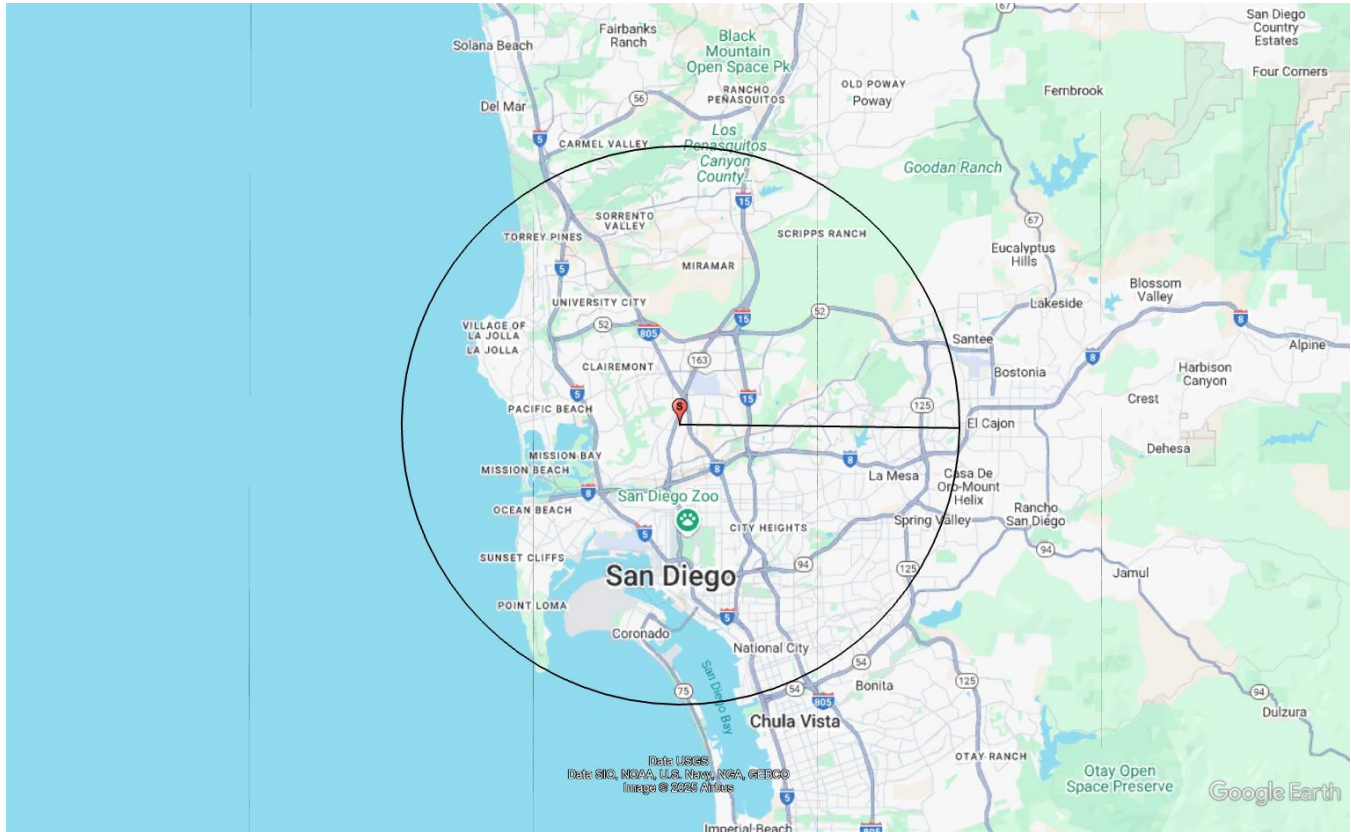
Ownership and History of Subject

The Subject property is currently owned by Tusore Hospitality, Inc. We are not aware of any sales or transfers of ownership of the Subject property within the last three years. However, according to the draft purchase and sale agreement provided by the client, the San Diego Housing Commission (“Purchaser”) will purchase the Subject from Tusore Hospitality, Inc. (“Seller”) for a purchase price of \$37,350,000. According to the client, the prospective buyer approached the seller directly to negotiate for the property and the property was not listed on the open market at any time. An offer was made by the prospective buyer and a counter-offer followed to arrive at the agreed upon sale price. Based upon our estimated as is value of \$37,400,000, the purchase price appears to be market oriented.

II. REGIONAL AND LOCAL AREA ANALYSIS

REGIONAL MAP

The Subject is located in the northern portion of San Diego, San Diego County, California. The city has an estimated population of 1,388,000 as of 2023 per trended U.S. Census data. San Diego is part of the San Diego-Carlsbad Metropolitan Statistical Area (MSA), which is comprised of San Diego County. A map of the region is provided below.



Source: Google Maps, March 2025

ECONOMIC ANALYSIS

Major Employers

The following table details major employers in San Diego County, California.

MAJOR EMPLOYERS San Diego County, CA

Employer Name	City	Industry	# Of Employees
32nd Street Naval Station	San Diego	Military	10,000+
UCSD Neural Computations	La Jolla	Education	10,000+
University of California	La Jolla	Education	10,000+
UC San Diego	La Jolla	Education	10,000+
San Diego Community College	San Diego	Education	5,000-9,999
Naval Medical Ctr San Diego	San Diego	Healthcare	5,000-9,999
MCCS MCRD	San Diego	Military	5,000-9,999
Kaiser Permanente Vandever Medical Offices	San Diego	Healthcare	5,000-9,999
General Dynamics NASSCO	San Diego	Manufacturing	1,000-4,999
Employees' Association of SDG&E	San Diego	Associations	1,000-4,999
Collin Aerospace	Chula Vista	Manufacturing	1,000-4,999
Illumina Inc.	San Diego	Biotechnology Products	1,000-4,999
Jennifer Moreno Dept-Veterans	San Diego	Healthcare	1,000-4,999
Kaiser Permanente Zion Med Ctr	San Diego	Healthcare	1,000-4,999
Merchants Building Maintenance	San Diego	Janitor Service	1,000-4,999
Page One SEO	San Diego	Healthcare	1,000-4,999
Rady Children's Hospital	San Diego	Healthcare	1,000-4,999
San Diego County Sheriff	Santee	Public Administration	1,000-4,999
Scripps Mercy Hospital San Diego	San Diego	Healthcare	1,000-4,999
Scripps Research Institute	La Jolla	Research	1,000-4,999
Seaworld San Diego	La Jolla	Entertainment	1,000-4,999
Sharp Grossmont Hospital	La Mesa	Healthcare	1,000-4,999
Sharp Grossmont Rehab Center	La Mesa	Healthcare	1,000-4,999
Sharp Mary Birch Hospital	San Diego	Healthcare	1,000-4,999
Sony Electronics	San Diego	Retail Trade	1,000-4,999

Source: CA Employment Development Department, April 2025

San Diego County's major employers are primarily concentrated within the education, government, and healthcare sectors. We believe the diverse mix of industries in typically stable sectors bodes well for the local area economy.

Employment Expansions

We attempted to contact the City of San Diego Economic Development Department in order to gather information about economic expansions in the city; however, our calls have not been returned as of the date of this report. We conducted our own research into economic expansions in the area. Notable expansions include, but are not limited to, the following:

- In March 2025, Eos Energy Enterprises announced it will construct an \$8-million battery energy storage facility near Naval Base San Diego. The facility is expected to be completed in early 2026.
- In January 2025, the Chula Vista City Council approved a letter of intent with Chula Vista Entertainment Complex, or CVEC, to start the process of designing and constructing an 89,000-square foot structure that will host virtual production studios, post-production facilities, and coworking spaces. The expansion will take three years to finish, and investment will total to \$85 million. The new project is expected to bring about \$544 million to the area over 10 years and create jobs that otherwise would only be found in Los Angeles. Detail regarding the number of jobs created were unavailable.
- In December 2024, American Business Bank announced plans to expand the new Loan Production Office into San Diego. Details regarding timing and job creation were unavailable.
- In December 2024, Trader Joe's announced plans open more stores in Southern California locations starting in 2025. Details regarding the number of jobs created were unavailable.
- In December 2024, San Diego County Regional Airport Authority announced plan to modernize the San Diego International Airport terminal. The project is estimated to be a \$3.4-billion investment. The

new terminal will replace 19 existing gates with 30 new gates. The first 19 gates will open in September 2025 with all 30 in operation in 2028. Detail regarding the number of jobs created were unavailable.

- In September 2024, Jamul Casino announced plans to build a brand-new, 200-room luxury hotel tower. The 16-story boutique hotel will soon offer an all-new collection of guest experiences from restaurants, retail space, a rooftop pool, and a full-service spa and salon. The expansion is expected to be complete in Spring 2025. Detail regarding the number of jobs created were unavailable.
- In September 2024, the city of San Diego pushed back the deadline to finalize a deal with the development team to remake the city's 48-acre sports arena. The San Diego development firm Midway Rising was selected by the San Diego City Council in 2023 to redevelop the city's 48-acre sports arena site, with support from The Kroenke Group. The project is expected to consist of 4,250 residential units, including 2,000 income-restricted units, a new 16,000 capacity sports arena, a 200-room hotel, and 20 acres of park/plaza space. The parties have until December 2025 to negotiate a long-term ground lease.
- In July 2024, Eli Lilly and Company opened a coworking lab and accelerator space for biotech startups in San Diego. The new building accommodates up to 10 companies and more than 120 biotech and Eli Lilly employees.
- In July 2024, Major League Soccer (MLS) unveiled the name, crest, and brand identity of the San Diego Football Club. The team will play at Snapdragon Stadium and is set to debut during the 2025 season and is expected to boost the local economy.
- San Diego International Airport will undergo a \$3-billion redevelopment, which is scheduled to be complete by 2026. This redevelopment will add 11 new gates to the airport and is anticipated to support hundreds of new jobs, while reducing the traffic in the area through the proposed transit station connected to the airport.

WARN Notices

We reviewed the Worker Adjustment and Retraining Notification Act (WARN) notices published by the California Economic Development Department for January 2024 to year-to-date 2025. The following table illustrates the companies that experienced layoffs as well as the number of affected employees.

WARN LISTINGS
San Diego County, CA

Company	Employees Affected	Layoff Date
Novartis	1	3/27/2025
Collins Aerospace	119	3/19/2025
Novartis	34	3/13/2025
Centerra	55	3/7/2025
Catholic Charities	42	3/5/2025
LUKE Holdings	61	3/5/2025
WB Games and Inc	51	2/26/2025
Kaiser Foundation Hospitals	4	2/25/2025
Harvest Meat Company	109	2/18/2025
Consolidated Entertainment	33	2/18/2025
Illumnia Inc	96	2/13/2025
CareFusion Resources	48	2/12/2025
Jewish Family Service of San Diego	115	2/11/2025
Actuus Medical, Inc	24	2/6/2025
Infineon Technologies	2	2/5/2025
LEGOLAND	97	1/28/2025
Fast Ridge Moto, LLC	1	1/21/2025
Ortho Organizers, Inc	69	1/15/2025
Qualcomm Incorporated	50	1/9/2025
Kohl's	59	1/8/2025
Bavarian Nordic	48	12/9/2025
Acutus Medical, Inc	57	12/3/2025
Modern HR	3	11/26/2024
Boeing	21	11/15/2024
The Toro Company	122	11/14/2025
Advance Stores Company	153	11/14/2024
Stachs LLC	62	10/22/2024
Infineon Technologies	4	10/1/2024
ImmunityBio Inc	3	9/26/2024
CareFusion Resources	183	10/9/2024
Qualcomm Incorporated	226	9/10/2024
MMT Craft	77	9/9/2024
Illumnia Inc	3	9/5/2024
TuSimple Inc	1	9/3/2024
Aveanna Healthcare, LLC	3	8/31/2024
Agilent Technologies, Inc.	17	8/9/2024
North American Specialties Laminations LLC	10	8/4/2024
Mathy Machine, Inc.	13	8/3/2024
TuSimple, Inc.	1	7/30/2024
DexCom, Inc	535	7/26/2024
Takeda Development Centers America Inc	324	7/22/2024
California Communications Access Foundation	5	7/1/2024
Cue Health Inc.	189	7/1/2024
Woodbury University	10	6/30/2024
Levy Premium Foodservice LP	124	6/30/2024
Biological Dynamics, Inc.	62	6/30/2024
TuSimple, Inc.	3	6/29/2024
Pacific Biosciences of California, Inc.	108	6/28/2024
SunPower Corp.	71	6/24/2024
Scripps Health	134	6/23/2024
Kaiser Foundation Hospitals	3	6/21/2024
DermTech	101	6/17/2024
99 Cents Only Stores LLC	147	6/3/2024
Thermo Fisher Scientific	74	5/31/2024
Retail Services WIS Corp.	12	5/28/2024
Bionano Genomics, Inc.	64	5/24/2024
Cue Health Inc.	200	5/24/2024

Company	Employees Affected	Layoff Date
Medtronic, Inc.	44	5/19/2024
Scripps Health	13	5/13/2024
AVMAC LLC	153	4/30/2024
Orion Strategic Solutions LLC	10	4/30/2024
PKL Services Inc.	89	4/30/2024
Moondoggies, Inc.	5	4/28/2024
Apple Inc.	121	4/26/2024
Nordson Corp.	69	4/26/2024
Bristol Myers Squibb	252	4/22/2024
Walmart	357	4/19/2024
TuSimple, Inc.	6	4/15/2024
JELD-WEN Inc.	113	4/11/2024
PIRCH	23	4/4/2024
PIRCH	183	4/4/2024
Viasat, Inc.	4	3/31/2024
LAVO Italian Restaurant San Diego	83	3/28/2024
Cue Health Inc.	126	3/26/2024
Bechtel Infrastructure & Power Corp.	6	3/18/2024
Spencer Construction, LLC	105	3/15/2024
TuSimple, Inc.	6	3/15/2024
Illumina, Inc.	111	3/12/2024
Carbon Health Medical Group	4	3/12/2024
Curio Employer LLC	7	3/11/2024
NuVasive, Inc.	157	3/5/2024
Cue Health Inc.	47	3/5/2024
Curio Employer LLC	53	3/4/2024
Sorrento Therapeutics, Inc.	77	2/20/2024
NEOTech	76	2/19/2024
AlSCO Inc.	107	2/9/2024
Acutus Medical, Inc.	7	2/6/2024
TuSimple, Inc.	95	2/1/2024
Blue Shield of California	3	1/31/2024
DirectBuy Home Improvement, Inc.	9	1/31/2024
Agilent Technologies, Inc.	3	1/26/2024
The Hotel del Coronado	56	1/22/2024
Sunrun Inc.	62	1/13/2024
Agilent Technologies, Inc.	1	1/12/2024
Fish Market Restaurants, Inc.	4	1/12/2024
The Hotel del Coronado	6	1/11/2024
The Hotel del Coronado	43	1/7/2024
Acutus Medical, Inc.	140	1/7/2024
The Hotel del Coronado	82	1/5/2024
TriLink Biotechnologies LLC	88	1/5/2024
C&E GP Specialists, Inc.	16	1/5/2024
The Hotel del Coronado	10	1/4/2024
Kaiser Foundation Hospitals	14	1/4/2024
Viasat, Inc.	228	1/2/2024
Total	7,517	

Employment Development Department of the State of California, April 2025

As illustrated in the previous table, there were a total of 7,517 layoffs between 2024 and year-to-date 2025. Due to the size of the San Diego area labor market, these recent WARN filings are not anticipated to substantively affect total employment in the PMA or MSA as overall job growth has far exceeded these losses.

Employment by Industry

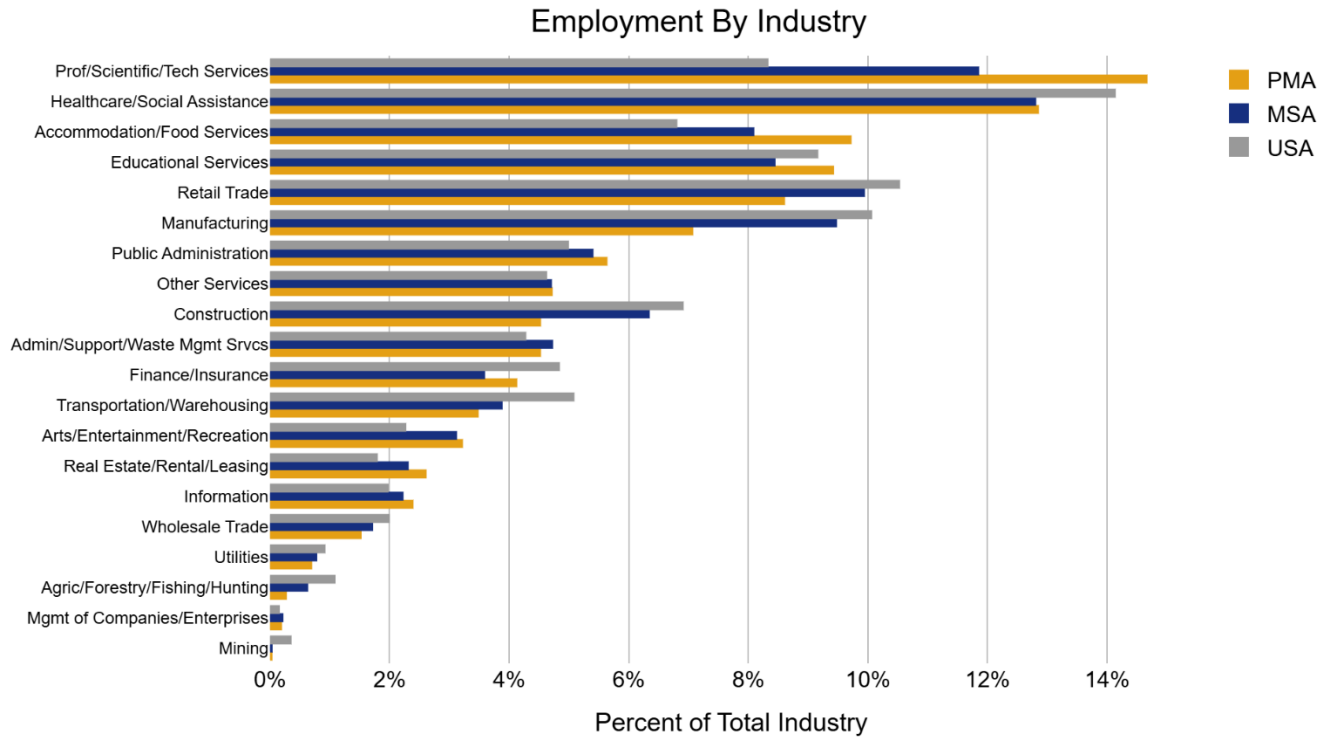
The following table illustrates employment by industry for the primary market area (PMA), which is defined later in this report, and nation as of 2024.

2024 – EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Prof/Scientific/Tech Services	63,447	14.7%	13,808,768	8.3%
Healthcare/Social Assistance	55,579	12.8%	23,456,754	14.1%
Accommodation/Food Services	42,015	9.7%	11,278,763	6.8%
Educational Services	40,747	9.4%	15,195,042	9.1%
Retail Trade	37,196	8.6%	17,466,879	10.5%
Manufacturing	30,554	7.1%	16,689,019	10.0%
Public Administration	24,337	5.6%	8,264,977	5.0%
Other Services	20,374	4.7%	7,659,177	4.6%
Construction	19,528	4.5%	11,451,658	6.9%
Admin/Support/Waste Mgmt Svcs	19,524	4.5%	7,081,387	4.3%
Finance/Insurance	17,806	4.1%	8,016,602	4.8%
Transportation/Warehousing	15,012	3.5%	8,419,689	5.1%
Arts/Entertainment/Recreation	13,873	3.2%	3,747,153	2.3%
Real Estate/Rental/Leasing	11,238	2.6%	2,954,339	1.8%
Information	10,289	2.4%	3,255,493	2.0%
Wholesale Trade	6,539	1.5%	3,291,556	2.0%
Utilities	2,955	0.7%	1,502,053	0.9%
Agric/Forestry/Fishing/Hunting	1,126	0.3%	1,785,076	1.1%
Mgmt of Companies/Enterprises	767	0.2%	237,343	0.1%
Mining	86	0.0%	561,373	0.3%
Total Employment	432,992	100.0%	166,123,101	100.0%

Source: Esri Demographics 2024, Novogradac, May 2025

Employment in the PMA is concentrated in prof/scientific/tech services, healthcare/social assistance, and accommodation/food services, which collectively comprise 37.2 percent of local employment. Relative to the nation, the PMA features comparatively greater employment in the prof/scientific/tech services, accommodation/food services, and arts/entertainment/recreation industries. Conversely, the PMA is underrepresented in the manufacturing, construction, and retail trade sectors.



Growth by Industry

The following table illustrates the change in total employment by sector in the PMA from 2010 to 2024.

2010-2024 CHANGE IN EMPLOYMENT – PMA

Industry	2010		2024		2010-2024	
	Number Employed	Percent Employed	Number Employed	Percent Employed	Growth	Annualized Percent
Prof/Scientific/Tech Services	36,955	10.3%	63,447	14.7%	26,492	5.1%
Healthcare/Social Assistance	45,376	12.6%	55,579	12.8%	10,203	1.6%
Accommodation/Food Services	35,686	9.9%	42,015	9.7%	6,329	1.3%
Educational Services	42,260	11.8%	40,747	9.4%	-1,513	-0.3%
Retail Trade	36,024	10.0%	37,196	8.6%	1,172	0.2%
Manufacturing	19,982	5.6%	30,554	7.1%	10,572	3.8%
Public Administration	17,241	4.8%	24,337	5.6%	7,096	2.9%
Other Services	19,409	5.4%	20,374	4.7%	965	0.4%
Construction	17,962	5.0%	19,528	4.5%	1,566	0.6%
Admin/Support/Waste Mgmt Svcs	18,345	5.1%	19,524	4.5%	1,179	0.5%
Finance/Insurance	17,152	4.8%	17,806	4.1%	654	0.3%
Transportation/Warehousing	10,004	2.8%	15,012	3.5%	5,008	3.6%
Arts/Entertainment/Recreation	11,359	3.2%	13,873	3.2%	2,514	1.6%
Real Estate/Rental/Leasing	10,459	2.9%	11,238	2.6%	779	0.5%
Information	10,042	2.8%	10,289	2.4%	247	0.2%
Wholesale Trade	8,147	2.3%	6,539	1.5%	-1,608	-1.4%
Utilities	1,729	0.5%	2,955	0.7%	1,226	5.1%
Agric/Forestry/Fishing/Hunting	866	0.2%	1,126	0.3%	260	2.1%
Mgmt of Companies/Enterprises	424	0.1%	767	0.2%	343	5.8%
Mining	120	0.0%	86	0.0%	-34	-2.0%
Total Employment	359,542	100.0%	432,992	100.0%	73,450	1.5%

Source: Esri Demographics 2024, Novogradac, May 2025

Total employment in the PMA increased at an annualized rate of 1.5 percent between 2010 and 2024. The industries that nominally expanded most substantially during this period include prof/scientific/tech services, manufacturing, and healthcare/social assistance. Conversely during this same period, the wholesale trade, educational services, and mining sectors experienced the least nominal growth. Overall, we view the lessening

reliance on the volatile manufacturing sector, and concurrent rise in healthcare-related employment as a positive aspect of the local economy.

Employment and Unemployment Trends

The following table details employment and unemployment trends for the San Diego-Carlsbad, CA Metropolitan Statistical Area (MSA) from 2007 to March 2025.

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

Year	MSA				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2007	1,461,285	-	4.5%	-	146,046,667	-	4.6%	-
2008	1,467,688	0.4%	6.0%	1.5%	145,362,500	-0.5%	5.8%	1.2%
2009	1,419,801	-3.3%	9.7%	3.7%	139,877,500	-3.8%	9.3%	3.5%
2010	1,352,021	-4.8%	10.9%	1.1%	139,063,917	-0.6%	9.6%	0.3%
2011	1,361,794	0.7%	10.3%	-0.5%	139,869,250	0.6%	9.0%	-0.7%
2012	1,395,354	2.5%	9.2%	-1.2%	142,469,083	1.9%	8.1%	-0.9%
2013	1,417,246	1.6%	7.9%	-1.3%	143,929,333	1.0%	7.4%	-0.7%
2014	1,438,867	1.5%	6.5%	-1.4%	146,305,333	1.7%	6.2%	-1.2%
2015	1,468,531	2.1%	5.2%	-1.3%	148,833,417	1.7%	5.3%	-0.9%
2016	1,519,623	3.5%	4.6%	-0.6%	151,435,833	1.7%	4.9%	-0.4%
2017	1,538,567	1.2%	4.0%	-0.7%	153,337,417	1.3%	4.3%	-0.5%
2018	1,556,105	1.1%	3.3%	-0.7%	155,761,000	1.6%	3.9%	-0.4%
2019	1,560,011	0.3%	3.2%	-0.1%	157,538,083	1.1%	3.7%	-0.2%
2020	1,425,340	-8.6%	9.2%	6.1%	147,794,750	-6.2%	8.1%	4.4%
2021	1,471,256	3.2%	6.4%	-2.9%	152,580,667	3.2%	5.4%	-2.7%
2022	1,554,722	5.7%	3.4%	-2.9%	158,291,083	3.7%	3.6%	-1.7%
2023	1,575,726	1.4%	3.7%	0.3%	161,036,583	1.7%	3.6%	-0.0%
2024	1,577,316	0.1%	4.3%	0.6%	161,345,500	0.2%	4.0%	0.4%
2025 YTD Average*	1,599,581	1.4%	4.4%	0.1%	162,767,667	0.9%	4.4%	0.4%
Mar-2024	1,586,837	-	4.1%	-	161,356,000	-	3.9%	-
Mar-2025	1,614,925	1.8%	4.2%	0.1%	163,412,000	1.3%	4.2%	0.3%

Source: U.S. Bureau of Labor Statistics, May 2025

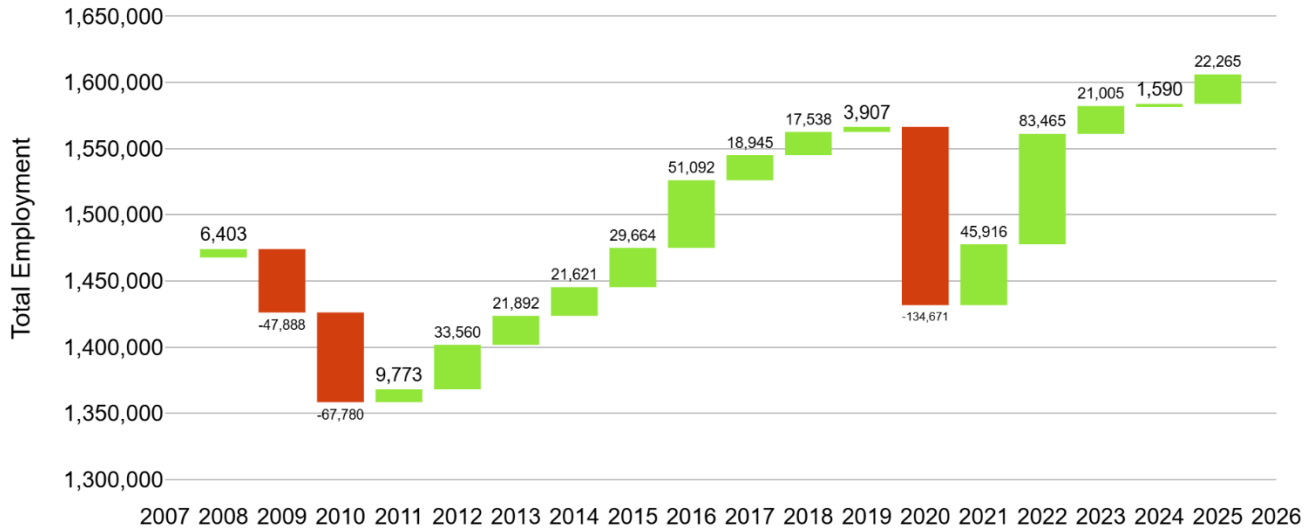
*2025 YTD Average is through March

Employment in the MSA declined by 8.6 percent in 2020 amid the pandemic, compared to 6.2 percent across the overall nation. The MSA subsequently recovered all pandemic-related job losses, and employment levels are currently at a post-recessionary record. As of March 2025, employment in the MSA is increasing at an annualized rate of 1.8 percent, similar to the 1.3 percent growth reported across the nation.

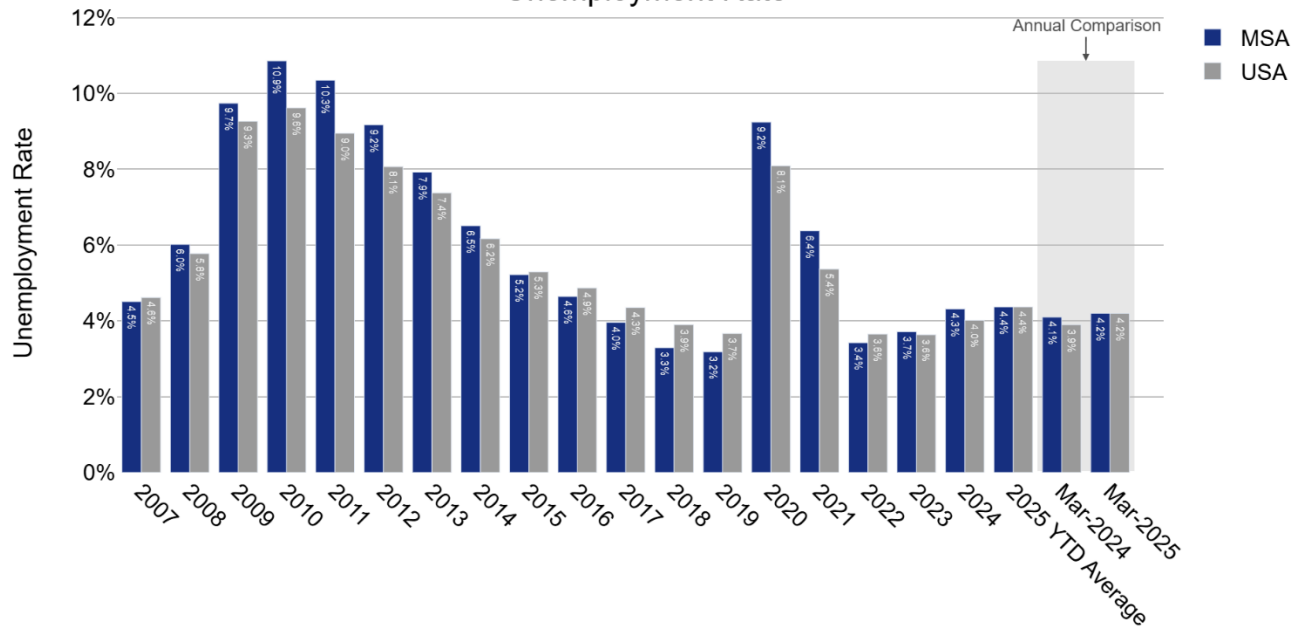
The MSA unemployment rate increased substantially by 6.1 percentage points in 2020 amid the pandemic, reaching a high of 9.2 percent. For comparison, the national unemployment rate rose by 4.4 percentage points and reached a high of 8.1 percent over the same time period. According to the latest labor statistics, dated March 2025, the current MSA unemployment rate is 4.2 percent. This is similar to the current national unemployment rate of 4.2 percent.

The following charts provide further illustration of the historical employment and unemployment trends in the MSA.

MSA Job Growth



Unemployment Rate



Wages by Occupation

The following table illustrates the wages by occupation for the San Diego-Carlsbad, CA MSA.

MSA - 2ND QTR 2025 AREA WAGE ESTIMATES

Occupation	Number of Employees	Mean Hourly Wage	Mean Annual Wage
All Occupations	1,522,620	\$36.54	\$76,010
Management	114,190	\$80.00	\$166,410
Legal	14,180	\$67.41	\$140,210
Healthcare Practitioners and Technical	81,980	\$65.28	\$135,780
Computer and Mathematical	59,340	\$60.10	\$125,010
Architecture and Engineering	39,390	\$55.53	\$115,510
Life Physical and Social Science	27,640	\$47.84	\$99,500
Business and Financial Operations	112,110	\$46.13	\$95,940
Educational Instruction and Library	86,020	\$39.22	\$81,580
Arts Design Entertainment Sports and Media	21,760	\$36.99	\$76,940
Construction and Extraction	64,130	\$34.30	\$71,340
Protective Service	36,900	\$31.66	\$65,850
Community and Social Service	32,270	\$31.35	\$65,210
Installation Maintenance and Repair	45,940	\$30.47	\$63,370
Sales and Related	123,300	\$27.13	\$56,430
Office and Administrative Support	166,920	\$25.50	\$53,030
Production	67,350	\$24.55	\$51,050
Transportation and Material Moving	99,780	\$22.28	\$46,340
Building and Grounds Cleaning and Maintenance	52,250	\$20.74	\$43,150
Personal Care and Service	38,360	\$20.68	\$43,010
Healthcare Support	80,040	\$20.00	\$41,600
Farming Fishing and Forestry	3,120	\$19.85	\$41,290
Food Preparation and Serving Related	155,650	\$19.13	\$39,790

Source: Department of Labor, Occupational Employment Statistics, May 2025, retrieved May 2025

The preceding table shows the average hourly and annual wages by occupation classification. The classification with the lowest average hourly wage is food preparation and serving related occupations at \$19.13 per hour. The highest average hourly wage, of \$80.00, is for those in management occupations.

Commuting Patterns

The chart below shows the travel time to work for the PMA according to ESRI Demographics.

COMMUTING PATTERNS

ACS Commuting Time to Work	Number of Commuters	Percentage
Travel Time < 5 min	6,461	1.8%
Travel Time 5-9 min	25,026	6.9%
Travel Time 10-14 min	53,981	14.9%
Travel Time 15-19 min	74,525	20.5%
Travel Time 20-24 min	69,984	19.3%
Travel Time 25-29 min	27,598	7.6%
Travel Time 30-34 min	48,884	13.5%
Travel Time 35-39 min	8,604	2.4%
Travel Time 40-44 min	9,991	2.8%
Travel Time 45-59 min	19,151	5.3%
Travel Time 60-89 min	12,400	3.4%
Travel Time 90+ min	6,091	1.7%
Weighted Average	25 minutes	

Source: Esri Demographics 2024, Novogradac, [MISSING DATE]

As shown in the preceding table, the weighted average commute time in the PMA is approximately 25 minutes. More than 60 percent of PMA commuters travel under 24 minutes, indicating many households work in the local area. The average commute time across the overall nation is approximately 28 minutes.

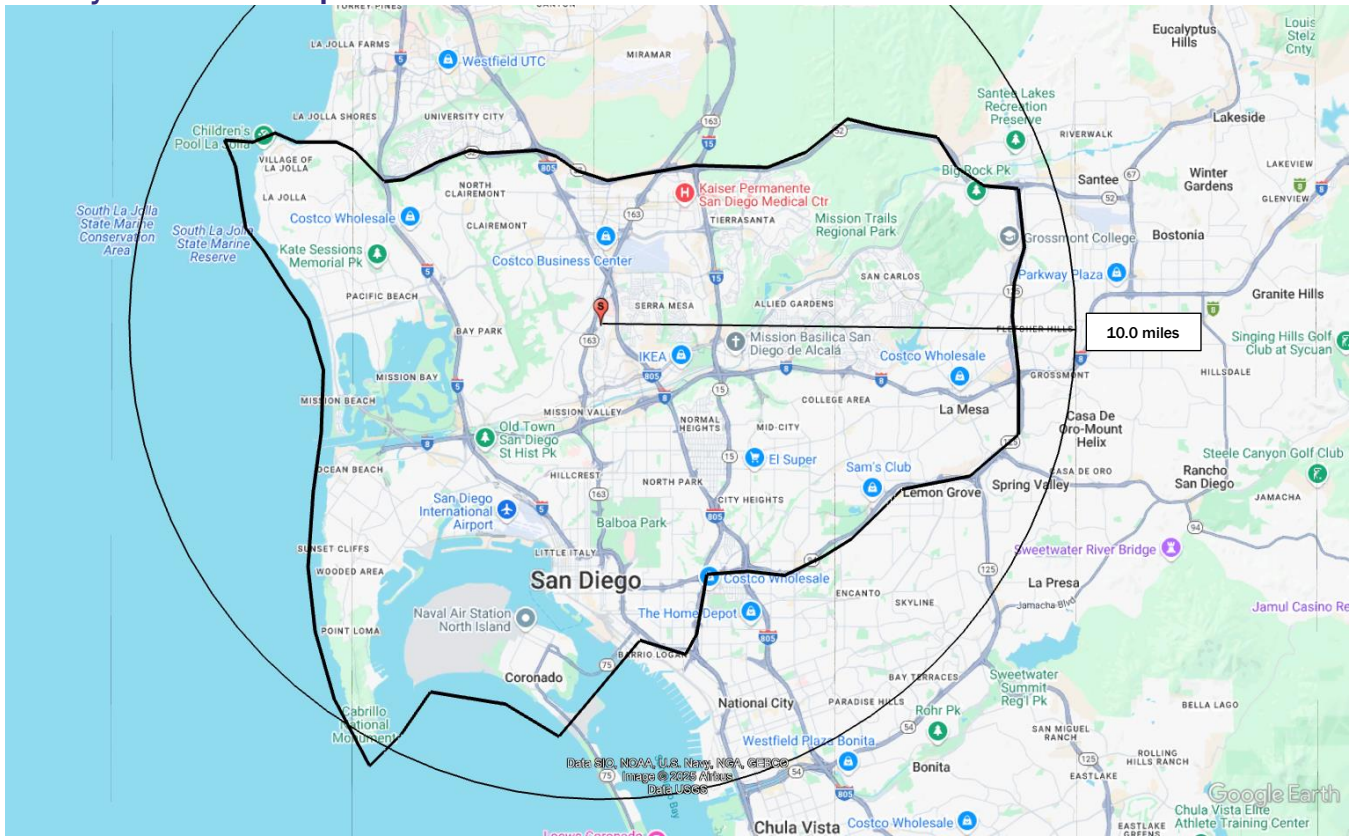
Conclusion

Employment in the PMA is concentrated in prof/scientific/tech services, healthcare/social assistance, and accommodation/food services, which collectively comprise 37.2 percent of local employment. The large share of PMA employment in accommodation/food services is notable as this industry is historically volatile, and prone to contraction during economic recessions. However, the PMA also has a significant share of employment in the healthcare/social assistance industry, which typically exhibits greater stability during recessionary periods. Relative to the nation, the PMA features comparatively greater employment in the prof/scientific/tech services, accommodation/food services, and arts/entertainment/recreation industries. Conversely, the PMA is underrepresented in the manufacturing, construction, and retail trade sectors. Employment in the MSA declined by 8.6 percent in 2020 amid the pandemic, compared to 6.2 percent across the overall nation. The MSA subsequently recovered all pandemic-related job losses, and employment levels are currently at a post-recessionary record. As of March 2025, employment in the MSA is increasing at an annualized rate of 1.8 percent, similar to the 1.3 percent growth reported across the nation.

DEMOGRAPHIC ANALYSIS

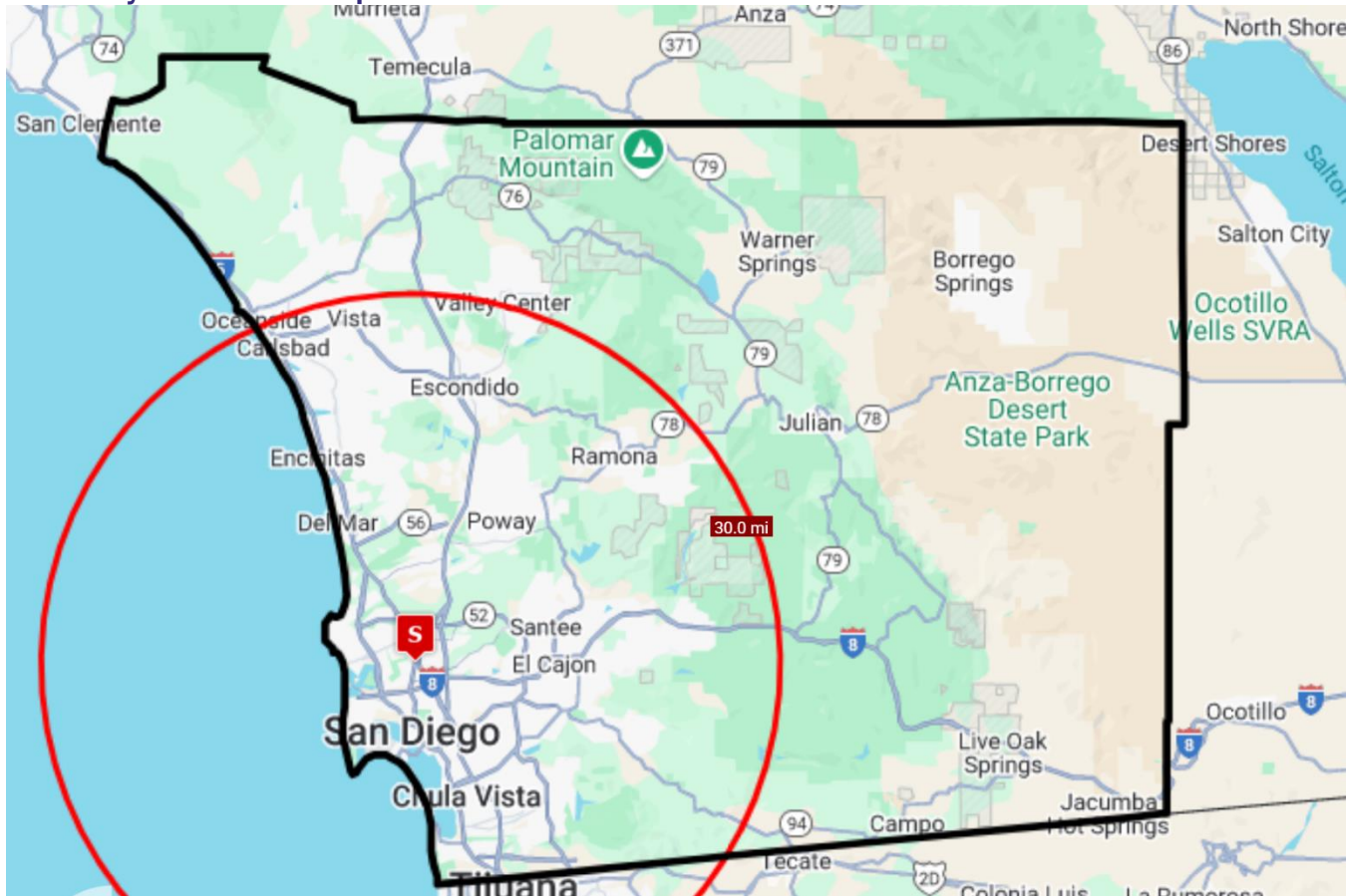
We determined the Primary Market Area (PMA) based on our conversations with local market participants, as well as our physical inspection of the market. The PMA is generally defined as central and northern San Diego. The PMA boundaries are Highway 52 to the north, Highway 125 to the east, Highway 94 to the south, and the Pacific Ocean to the west. We believe that additional support will originate from areas outside of the established PMA, especially given that the Subject is a short-term rental property. To provide a broader economic context for the Subject, we also include a Secondary Market Area (SMA). The secondary market area (SMA) for the Subject is the San Diego-Carlsbad, CA Metropolitan Statistical Area (MSA), which consists of San Diego County in California. We include economic indicators for the MSA regarding employment and unemployment trends. In addition, our demographic analysis utilizes the MSA as an additional area of comparison for population and household trends.

Primary Market Area Map



Source: Google Maps, May 2025

Secondary Market Area Map



Source: Google Maps, May 2025

Population and Household Trends

The following tables illustrate population and household trends in the PMA, MSA and nation from 2010 through 2024, as well as projections through 2029.

POPULATION

Year	PMA		MSA		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2010	763,873	-	3,095,313	-	308,736,218	-
2024	803,053	0.4%	3,299,130	0.5%	338,436,229	0.7%
2029	813,751	0.3%	3,309,386	0.1%	344,868,049	0.4%

Source: Esri Demographics 2024, Novogradac, [MISSING DATE]

HOUSEHOLDS

Year	PMA		MSA		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2010	318,221	-	1,086,878	-	116,712,903	-
2024	342,255	0.5%	1,176,585	0.6%	130,714,038	0.9%
2029	355,545	0.8%	1,206,155	0.5%	134,926,628	0.6%

Source: Esri Demographics 2024, Novogradac, [MISSING DATE]

Historical population growth in the PMA trailed the MSA between 2010 and 2024. Both geographic areas experienced growth rates below the nation during the same time period. According to ESRI demographic projections, annualized PMA growth is expected to remain relatively stable at 0.3 percent through 2029, which is above growth expectations for the MSA and slightly below the nation.

Historical household growth in the PMA trailed the MSA between 2010 and 2024. Both geographic areas experienced growth rates below the nation during the same time period. According to ESRI demographic projections, annualized PMA growth is expected to increase 0.8 percent through 2029, which is above growth expectations for the MSA and slightly above the nation.

Household Income Distribution

The following tables illustrate household income distribution in 2024 and 2029 in the PMA and MSA.

HOUSEHOLD INCOME PMA

Income Cohort	2024		2029		Annual Change 2024 to 2029	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	14,788	4.3%	13,664	3.8%	-225	-1.5%
\$10,000-19,999	24,211	7.1%	21,188	6.0%	-605	-2.5%
\$20,000-29,999	24,965	7.3%	22,784	6.4%	-436	-1.7%
\$30,000-39,999	24,948	7.3%	22,392	6.3%	-511	-2.0%
\$40,000-49,999	23,215	6.8%	22,147	6.2%	-214	-0.9%
\$50,000-59,999	22,799	6.7%	21,917	6.2%	-176	-0.8%
\$60,000-74,999	33,233	9.7%	31,025	8.7%	-442	-1.3%
\$75,000-99,999	44,541	13.0%	44,787	12.6%	49	0.1%
\$100,000-124,999	34,288	10.0%	36,275	10.2%	397	1.2%
\$125,000-149,999	25,728	7.5%	28,715	8.1%	597	2.3%
\$150,000-199,999	28,612	8.4%	34,468	9.7%	1,171	4.1%
\$200,000+	40,927	12.0%	56,183	15.8%	3,051	7.5%
Total	342,255	100.0%	355,545	100.0%		

Source: HISTA Data / Ribbon Demographics 2024, Novogradac, [MISSING DATE]

HOUSEHOLD INCOME MSA

Income Cohort	2024		2029		Annual Change 2024 to 2029	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	47,058	4.0%	42,791	3.5%	-853	-1.8%
\$10,000-19,999	70,597	6.0%	61,045	5.1%	-1,910	-2.7%
\$20,000-29,999	79,178	6.7%	70,068	5.8%	-1,822	-2.3%
\$30,000-39,999	82,691	7.0%	73,383	6.1%	-1,862	-2.3%
\$40,000-49,999	78,699	6.7%	74,418	6.2%	-856	-1.1%
\$50,000-59,999	74,397	6.3%	70,184	5.8%	-843	-1.1%
\$60,000-74,999	106,966	9.1%	99,482	8.2%	-1,497	-1.4%
\$75,000-99,999	150,152	12.8%	146,388	12.1%	-753	-0.5%
\$100,000-124,999	122,622	10.4%	124,321	10.3%	340	0.3%
\$125,000-149,999	94,787	8.1%	102,312	8.5%	1,505	1.6%
\$150,000-199,999	110,472	9.4%	127,912	10.6%	3,488	3.2%
\$200,000+	158,966	13.5%	213,851	17.7%	10,977	6.9%
Total	1,176,585	100.0%	1,206,155	100.0%		

Source: HISTA Data / Ribbon Demographics 2024, Novogradac, [MISSING DATE]

General Household Tenure

The following table illustrates the tenure patterns in the PMA for the years 2010 and 2024, as well as the projected tenure patterns for the year 2029.

TENURE PATTERNS PMA

Year	Owner-Occupied	Percentage Owner-Occupied	Renter-Occupied	Percentage Renter-Occupied
2010	131,542	41.3%	186,679	58.7%
2024	134,645	39.3%	207,610	60.7%
2029	139,174	39.1%	216,371	60.9%

Source: HISTA Data / Ribbon Demographics 2024, Novogradac, [MISSING DATE]

The number of renter households in the PMA increased between 2010 and 2024, and is estimated to be 60.7 percent of total households as of 2024. According to the ESRI demographic projections, the number of renter households in the PMA is expected to continue to increase through 2029.

Median Household Income Levels

The following table illustrates median household income levels in the PMA, MSA, and nation from 2010 through 2029. Note that this is based on data for all household sizes and is independent of the calculation of AMI.

MEDIAN HOUSEHOLD INCOME						
Year	PMA		MSA		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2010	\$55,607	-	\$66,375	-	\$60,686	-
2024	\$98,016	5.4%	\$104,597	4.1%	\$79,067	2.2%
2029	\$108,957	2.2%	\$118,151	2.6%	\$91,442	3.1%

Source: Esri Demographics 2024, Novogradac, [MISSING DATE]

As of 2024, the median income in the PMA is similar to the surrounding MSA and slightly below the national median household income. Median household income growth in the PMA exceeded the MSA between 2010 and 2024. In particular, median income in the PMA rose from 91.6 percent of the national median income in 2010 to 124.0 percent in 2024. The overall rise in median income levels reflects a market where lower income households may be priced out by more affluent households. It also indicates that affordable housing properties should prosper in the future as incomes and, therefore, achievable rents rise. The median household income in the PMA is projected to slow to 2.2 percent per annum through 2029, a growth rate below the nation and a growth rate slightly below the MSA. As of 2029, the median household income is projected to be below that of the MSA and slightly below that of the nation.

Tourism Data

According to the December 2024 San Diego Lodging Forecast Report, prepared by Tourism Economic on behalf of the San Diego Tourism Authority, room revenue is expected to grow 3.0 percent in 2024 and 3.7 percent in 2025, which are above the previous forecasts for these time periods (1.5 and 2.5 percent, respectively). Fourth quarter 2024 room revenue is expected to outperform their October 2024 forecast by 7.0 percent. In 2024, the study anticipates 1.8 percent year-over-year growth in demand and 1.2 percent year-over-year growth in the average daily rate (ADR). In 2025, they anticipate 2.3 percent year-over-year growth in demand and 1.3 percent year-over-year growth in ADR (both of prior projections for this time period of 1.8 and 0.8 percent, respectively).

This study forecasts for “solid growth in consumer spending over the next few years, but that is largely attributed to the resilience of high-income households, who account for most of the consumption.”

The following chart from this report details forecast assumptions for San Diego.

	2024	2025
International	<ul style="list-style-type: none"> International demand to the US below 2019 levels by 8.1%. 	<ul style="list-style-type: none"> International demand to the US above 2019 levels by 4.9%.
Business travel	<ul style="list-style-type: none"> Business transient demand grows in San Diego but remains below 2019 levels. 	<ul style="list-style-type: none"> Business transient demand growth slows and remains below 2019 levels.
Leisure travel	<ul style="list-style-type: none"> Moderate leisure transient demand growth. 	<ul style="list-style-type: none"> Moderate leisure transient demand growth.
Group travel	<ul style="list-style-type: none"> Small growth in group demand despite plenty of room for additional recovery growth (last year at 11% below 2019 levels). 	<ul style="list-style-type: none"> Forecast assumes growth in group demand with the addition of the Gaylord Resort and Convention Center (near recovery expected in 2026).

Source: December 2024 San Diego Lodging Forecast Report, prepared by Tourism Economic on behalf of the San Diego Tourism Authority

Rate Category	Est. Proportion of Historical Annual Demand	Room Nights Estimate 2019
Group: Citywide (SDCC) On books as of 7/8	6% (incl. around block)	1.1 M
Group: Single property meetings and conventions	22%	3.9 M
Leisure transient Including wholesale	60%	10.6 M
Corporate and government	12% biotech, wireless, defense, military, defense	2.1 M
Total	100%	17.7M (San Diego County)

Source: Table based on San Diego Tourism Authority estimates and hotel survey responses, and Tourism Estimates

We also analyzed the January 2025 San Diego Travel Forecast which was also prepared by Tourism Economic on behalf of the San Diego Tourism Authority. According to this report, “San Diego is estimated to have welcomed 32.2 million visitors in 2024, up modestly from 32.1 million in our August 2024 forecast report. This represents a 1.4 percent increase from 31.8 million visitors in 2023. Projected visitor volume in 2024 equals 92 percent of 2019 volume while 2024 spending is forecast to reach 127 percent of the pre-pandemic benchmark.

Visits are forecast to total 32.9 million this year, a 2.0 percent increase from 2024. Visitor spending is projected to total \$15.3 billion, up 3.7 percent from \$14.8 billion in 2024.

In the hotel sector, we estimate San Diego room revenue rose 3.0 percent in 2024 and forecast 3.7 percent growth in 2025. The outlook for revenue growth has improved notably from the previous forecast of 1.5 percent (2024) and 2.5 percent (2025). Demand growth in 2025 was revised up from 1.8 percent to 2.3 percent.”

San Diego Tourism Summary Outlook

Annual percent change

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Visits	-1.9%	-59.2%	66.1%	21.0%	10.4%	1.4%	2.0%	1.9%	1.6%	1.3%
Day	-3.3%	-67.3%	77.3%	24.0%	17.7%	-1.0%	2.1%	1.5%	1.6%	1.4%
Overnight	-0.5%	-51.3%	58.8%	18.9%	4.9%	3.3%	2.0%	2.3%	1.6%	1.2%
Expenditure	1.3%	-55.7%	44.3%	82.8%	4.9%	3.5%	3.7%	3.8%	3.1%	2.7%
Day	-0.2%	-69.2%	81.2%	106.6%	18.5%	2.1%	3.9%	2.8%	3.0%	2.8%
Overnight	1.5%	-54.3%	41.8%	80.7%	3.5%	3.6%	3.7%	3.9%	3.2%	2.7%
Hotel sector										
Room supply	2.0%	-8.2%	7.4%	0.1%	0.0%	0.5%	1.8%	2.4%	1.4%	1.1%
Room demand	-0.5%	-41.8%	36.2%	18.1%	1.2%	1.8%	2.3%	3.6%	1.7%	1.0%
Occupancy (%)	76.5%	48.5%	61.5%	72.6%	73.4%	74.4%	74.8%	75.7%	75.9%	75.9%
ADR (\$)	\$165.83	\$130.51	\$165.46	\$205.05	\$210.00	\$212.53	\$215.36	\$216.34	\$219.68	\$222.84

Index, 2019 = 100

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Visits	100	41	68	82	91	92	94	95	97	98
Day	100	33	58	72	85	84	85	87	88	89
Overnight	100	49	77	92	96	100	102	104	106	107
Expenditure	100	44	64	117	123	127	132	137	141	145
Day	100	31	56	115	137	140	145	149	154	158
Overnight	100	46	65	117	121	126	130	135	140	144
Hotel sector										
Room supply	100	92	99	99	99	99	101	103	105	106
Room demand	100	58	79	94	95	96	99	102	104	105
Occupancy	100	63	80	95	96	97	98	99	99	99
ADR	100	79	100	124	127	128	130	130	132	134

Source: STR; Tourism Economics

Conclusion

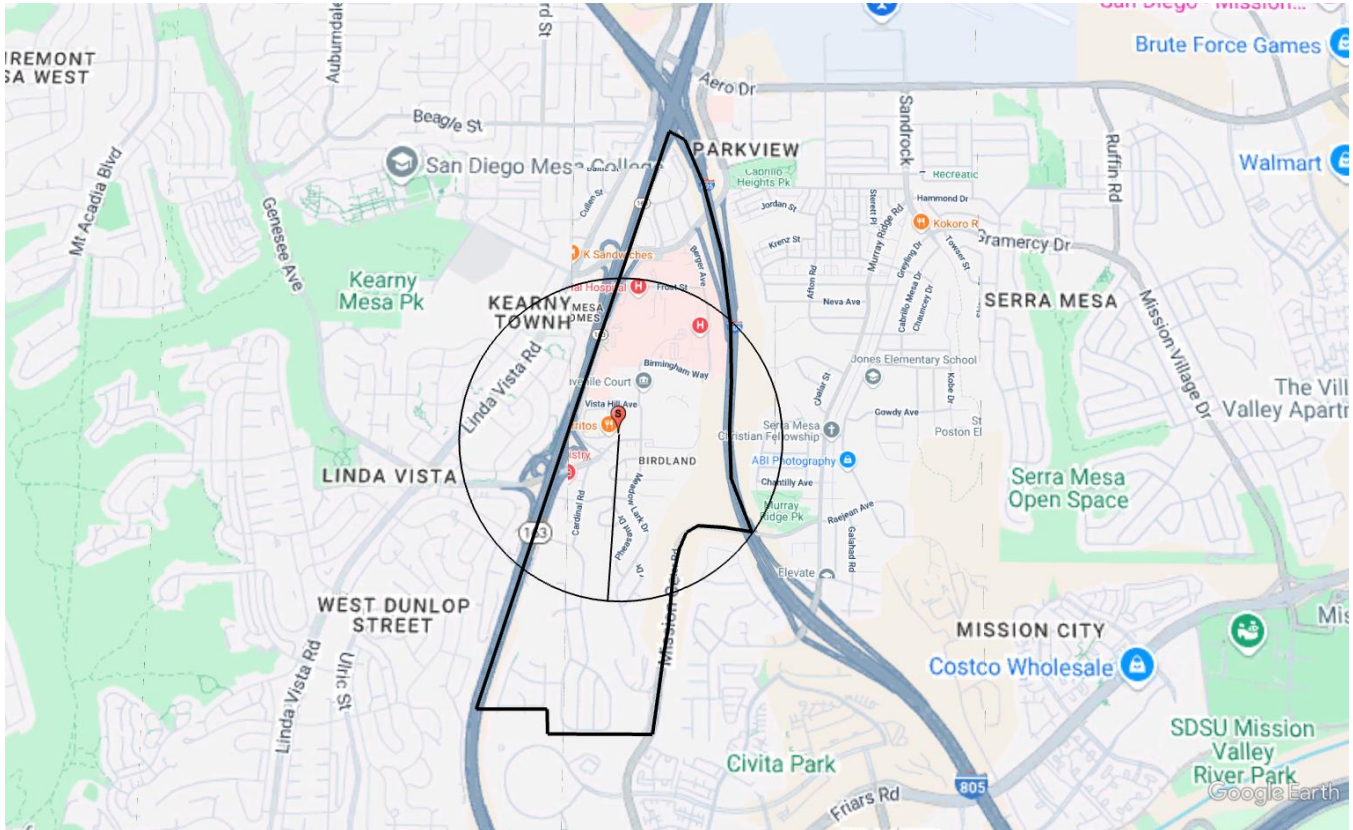
Population in the PMA increased at an annualized rate of 0.4 percent between 2010 and 2024. Comparatively the MSA and the nation experienced an annualized growth rate of 0.7 percent. The number of renters in the PMA increased from 2010 to 2024 and is projected to continue to increase through 2029. The median income in the PMA as of 2024 is similar to the MSA and overall nation. According to ESRI demographic projections, population, household, renter households, and median income levels in the PMA are all expected to rise through 2029. Overall, the combination of rising population, renter households, and median household income bodes well for future demand for multifamily housing.

NEIGHBORHOOD ANALYSIS

The neighborhood surrounding real estate often impacts the property's status, image, class, and style of operation, and sometimes its ability to attract and properly serve a particular market segment. This section investigates the property's neighborhood and evaluates any pertinent location factors that could affect its rent, its occupancy, and overall profitability.

Neighborhood Boundary

The Subject is located in the Birdland Neighborhood in northern San Diego, which is a mixed-use area. The Subject's neighborhood boundaries are generally defined as Highway 163 to the west, Interstate 805 to the east, and Macaw Lane to the south. A map of the Subject's neighborhood follows.



Source: Google Maps, May 2025

Neighborhood Land Uses

The Subject is located in a mixed-use neighborhood. Land use in the northern portion of the Subject's neighborhood consists of healthcare uses, including Rady Children's Hospital and Sharp Memorial Hospital in good condition. Land use in the eastern portion of the neighborhood consists of commercial uses and vacant land. Land use in the southern portion of the neighborhood consists of mostly single-family homes in average to good condition. Land use in the western portion of the neighborhood consists of single-family homes in average to good condition and commercial uses in good condition. Commercial uses in the area appear to be approximately 90 percent occupied. The Subject site is designated as "Car Dependent" by WalkScore with a score of 45, indicating some errands can be accomplished on foot.

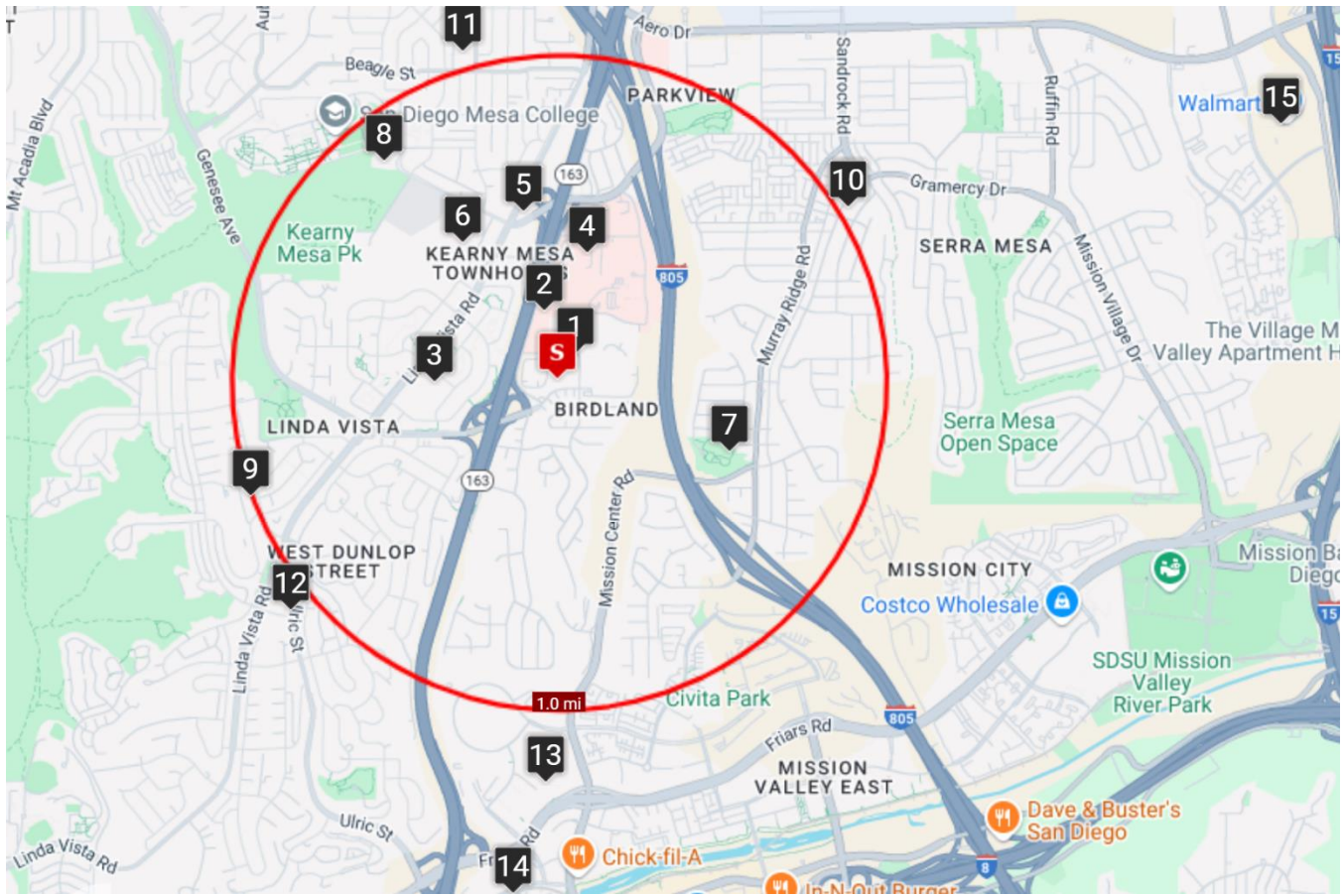
A map of land uses surrounding the Subject is depicted following.



Source: Google Earth, May 2025

Locational Amenities

The following map and table illustrate the Subject's proximity to necessary services. Map numbers correspond with the *Locational Amenities Map*, presented below.



Source: Google Maps, May 2025

LOCATIONAL AMENITIES

#	Service or Amenity	Distance to Subject	#	Service or Amenity	Distance to Subject
1	Bus Stop	0.1 miles	9	Montgomery Middle School	1.0 miles
2	Sharp-Reese Pharmacy	0.2 miles	10	Post Office	1.1 miles
3	Chesterton Elementary School	0.4 miles	11	Carnival Market	1.1 miles
4	Sharp Memorial Hospital	0.4 miles	12	Linda Vista Branch Library	1.1 miles
5	Chevron Gas Station	0.5 miles	13	U.S. Bank	1.3 miles
6	Kearny High School	0.5 miles	14	Hazard Center Light Rail Station	1.6 miles
7	Murray Ridge Park	0.6 miles	15	Walmart	2.4 miles
8	Police Station	0.9 miles	-	-	-

Public Transportation

San Diego Metropolitan Transit System (MTS) provides bus and light rail service in the San Diego area. The nearest bus stop is located 0.1 miles from the site and the nearest light rail station is located 1.6 miles from the Subject.

Crime Indices

The table below illustrates crime indices in the PMA and MSA in comparison to that of the nation. A crime index below 100 is below the national average and anything over 100 is above the nation's crime index average. A crime index of 75 in a PMA would be 25 percent below the national average while a crime index of 200 would be twice that of the national average. Crime indices were provided by 2024 ESRI Demographics data.

2024 CRIME INDICES

	PMA	MSA
Total Crime*	122	98
Personal Crime*	93	82
Murder	57	55
Rape	78	73
Robbery	131	103
Assault	84	78
Property Crime*	127	101
Burglary	112	94
Larceny	126	96
Motor Vehicle Theft	154	142

Source: Esri Demographics 2024, Novogradac, May 2025

*Unweighted aggregations

Total crime indices in the PMA are slightly above the national average and above the surrounding MSA. The Subject offers limited access.

Conclusion

The Subject is located in the Birdland Neighborhood of northern San Diego, which is a mixed-use neighborhood with healthcare uses, single-family homes, multifamily uses, and commercial/retail uses among others. The site offers excellent access to public transportation, locational amenities, and major employers and is an overall desirable neighborhood that is ideal for short-term residential uses.

III. ANALYSIS OF THE SUBJECT

DESCRIPTION OF THE SITE

The location of a short-term rental property can have a substantial negative or positive impact upon the performance, safety and appeal of the project. The site description will discuss the physical features of the site, as well as layout, access issues, and traffic flow.

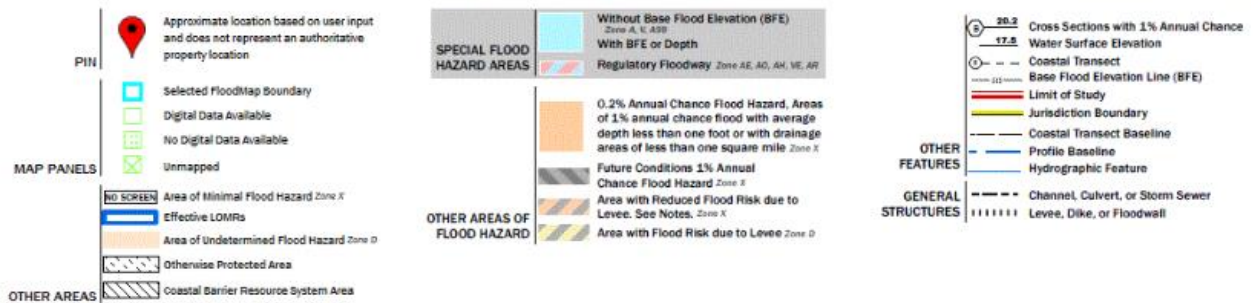
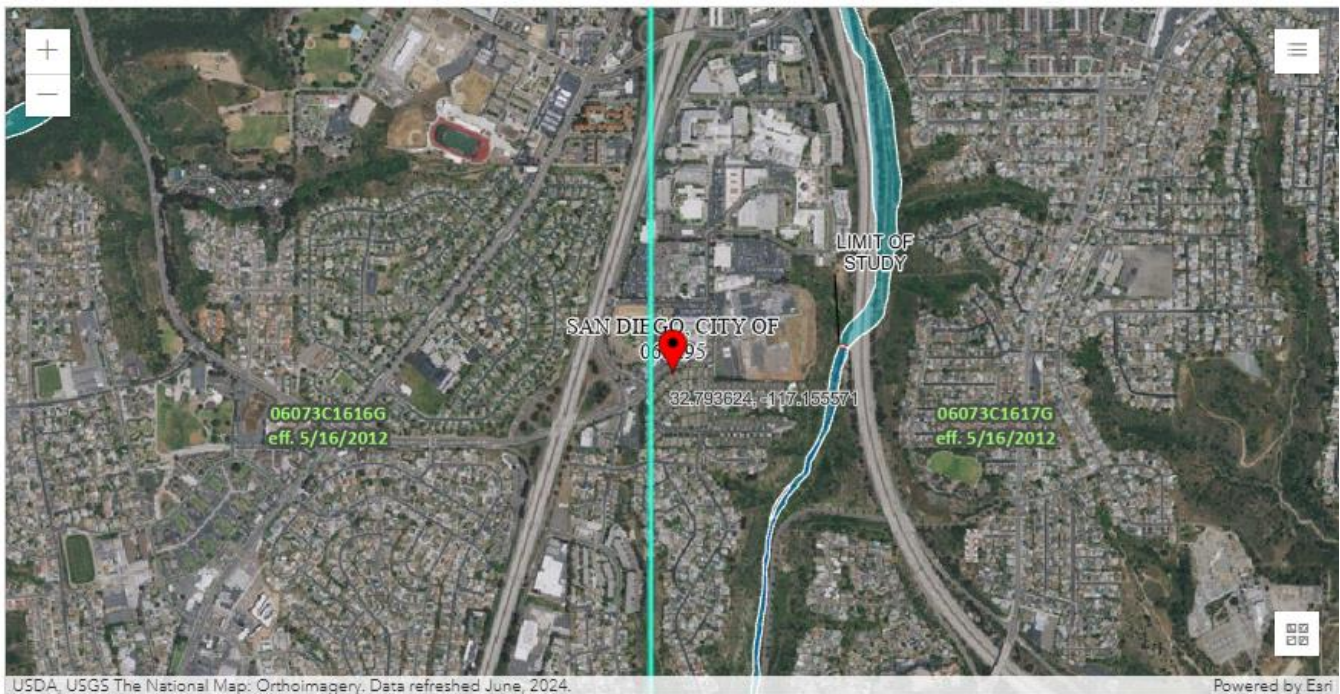


Source: Google Maps, May 2025

Address:	The Subject is located at 7798 Starling Drive, San Diego, San Diego, CA 92123.
Size:	The Subject site is 0.94 acres, or 40,946 square feet per the San Diego County Assessor.
Shape:	The Subject site is irregular in shape.
Frontage:	The Subject has frontage along the north side of Starling Drive.
Zoning:	According to the City of San Diego, the Subject site is zoned CN-1-2, Commercial Neighborhood 1-2. According to the code, "The purpose of the commercial zones is to provide for the employment, shopping, services, recreation, and lodging needs of the residents of and visitors to the City. The intent of the commercial zones is to provide distinct regulations for size, intensity, and design to reflect the variety of the

desired development patterns within San Diego's communities." The purpose of the CN zones is to provide residential areas with access to a limited number of convenient retail and personal service uses. The CN zones are intended to provide areas for small scale, low intensity developments that are consistent with the character of the surrounding residential areas. The zones in this category may include residential development. Property within the CN zones will be primarily located along local and selected collector streets. The CN-1-2 zoning allows development with an auto orientation and permits a maximum density of one dwelling unit for each 1,500 square feet of lot area.

Topography:	The Subject site exhibits level topography.
Existing Improvements:	The Subject site is currently improved with an existing 90-unit short-term rental property constructed as an office building in 1991 and converted to its current use in 2022. The Subject consists of one three-story lowrise building.
Utilities:	All utilities are available to the site.
Surrounding Land Uses:	Land use to the north of the Subject consists of the Salvation Army campus with various uses in good condition. Land use to the east consists of a nursing home in good condition. Land use to the south consists of multifamily residential uses. Land use to the west consist of commercial/retail uses and the Salvation Army campus.
Surrounding Visibility/Views:	The Subject has good visibility along Starling Drive. Views to the north and west consist of the Salvation Army campus, views to the east consist of a nursing home, views to the south consist of multifamily uses. Overall, views are considered average.
Access and Traffic Flow:	The Subject is accessed via the north side of Starling Drive, a lightly traveled two-lane road that provides access to Highway 163 to the west. Highway 163 provides access to Interstate 805 to the north and to downtown San Diego to the south. Interstate 805 provides access to National City and Chula Vista to the south and to Interstate 5 to the north, which in turn provides access into the Los Angeles metro area. Overall, access is considered good, while traffic flow is considered moderate.
Walkability:	The Subject's neighborhood appears conducive to pedestrian activity. The Subject site is designated as "Car Dependent" by WalkScore with a score of 45, indicating some errands can be accomplished on foot.
Environmental, Soil and Subsoil Conditions and Drainage:	We were not provided with any third-party reports for the Subject property. It is an extraordinary assumption of this report that there exist no environmental conditions or deferred maintenance that would affect the value of the Subject. <i>The use of this extraordinary assumption may impact assignment results.</i>
Flood Plain:	According to Flood Insights and Flood Insurance Rate Map Community Panel Number 06073C1617G, effective on May 16, 2012, the Subject site is located in Zone X, defined as an area outside 500-year/0.2 percent annual chance floodplain, and in an area of reduced flood risk due to levee. Further analysis by Novogradac is beyond the scope of this report.



Source: FEMA Flood Map Service Center, May 2025

Detrimental Influences:

No detrimental influences or site nuisances were observed.

Conclusion:

The Subject is physically capable of supporting a variety of legally permissible uses and is considered a desirable site.

DESCRIPTION OF THE IMPROVEMENTS

Details of the Subject's improvements are summarized as follows. This information was provided by the client and current owner, and is presumed to be accurate.

Property Improvements: Starling Place (Subject) is an existing 90-unit short-term rental development located at 7798 Starling Drive, in San Diego, CA 92123. The property was originally constructed as an office building which was subsequently converted to the current use in 2022. The original construction date of the building is unknown. The Subject exhibits good condition. The improvements consist of one three-story lowrise elevator-serviced residential building. The Subject offers 90 furnished studio and one-bedroom units. Of the 90 units, 41 are currently being leased on a monthly basis with leases ranging from month-to-month to 10 months, while the 49 remaining units are leased on a daily basis via Air BnB. According to the owner, the long-term and short-term unit counts are dynamic and a minimum of 40 long-term units are constantly maintained but at times there could be more or less long-term and less short-term units.

Year Built or Date of Completion: The building was originally constructed as an office building; however the original year of construction is unknown. The property was subsequently converted to the current use in 2022.

Rents and Unit Mix: The following table details the current rents and unit mix for the Subject's units according to the information provided by the client. It should be noted that all the units are furnished with some rented on a monthly basis and some rented on a daily basis. According to the owner, at times, rents will exceed these asking rents for shorter leases and the mix of long and short-term units is dynamic with the total number of long-term units never falling below 40.

CURRENT RENTS - MONTHLY UNITS

Bedroom Type	Square Footage	Number of Units	Asking Rent (Monthly)*	Min Rent*	Max Rent*	Avg Rent*	Occupancy*	Utility Fee	Lease Terms*
OBR/1BA	380	9	\$1,600	\$1,200	\$1,600	\$1,556	100%	\$200	1 Month
OBR/1BA	400	22	\$1,650	\$1,650	\$1,725	\$1,662	100%	\$200	-10 Months
1BR/1BA	450	10	\$1,950	\$1,650	\$1,950	\$1,828	100%	\$200	
Total		41							

*Based on Rent Roll effective 4/28/2025

CURRENT RENTS - DAILY UNITS (AIR BNB)

Bedroom Type	Square Footage	Number of Units	Asking Rent (Daily)
OBR/1BA	380	9	\$203
OBR/1BA	400	25	\$261
1BR/1BA	450	15	\$270
Total		49	

*Obtained from Air BnB listing

Net Leasable Area:

UNIT MIX AND SQUARE FOOTAGE			
Unit Type	Number of Units	Unit Size (SF)	Net Leasable Area
OBR/1BA	18	380	6,840
OBR/1BA	47	400	18,800
1BR/1BA	25	450	11,250
Total	90		36,890

Gross Building Area:	The Subject's gross building area was not provided. We have estimated the gross building area to be 110 percent of the net leasable area, which equates to 40,579 square feet.
Parking:	The Subject offers 48 off-street surface parking spaces, or approximately 0.53 spaces per unit. The parking spaces are rented for \$175 per month or \$15 per day.
Property Layout:	Based on an inspection of the Subject, the property offers a functional property layout and average curb appeal.
Unit Layout:	We inspected the Subject and the unit sizes and layout appear functional and market-oriented.
Unit Amenities:	All units are fully furnished and include a stainless steel refrigerator, two-burner stove top, a microwave, and air conditioning. The rents also include cable and internet.
Property Amenities:	The Subject offers a laundry room but no other property amenities.
Utility Structure:	The property charges a flat fee of \$200 per month on top of the rent for all utilities for all long-term leases. The Subject offers wall air conditioning, electric cooking, electric heating, and electric water heating.
Remaining Economic Life:	The Subject's original construction date was not available; however, it was converted to apartments in 2022 and based on our inspection, the Subject exhibits good condition. We estimate the effective age to be 15 years with a remaining economic life of 45 years.
Americans With Disabilities Act of 1990:	We did not observe any obvious violations of the Americans with Disabilities Act of 1990.
Quality of Construction:	At the time of the inspection, the Subject was in average condition overall. The Subject appears to have been completed using average-quality materials.
Functional Utility:	Based on our site inspection, the Subject does not appear to suffer from functional obsolescence.
Conclusion:	The existing improvements provide adequate functional utility, and are in good condition given the age of construction. The design of the improvements is consistent with surrounding properties and is considered similar to competing properties.

ASSESSMENT VALUE AND TAXES

Taxes

The following real estate tax estimate is based upon our interviews with local assessment officials, either in person or via telephone. We do not warrant its accuracy. It is our best understanding of the current system as reported by local authorities. Currently, the assessment of affordable housing properties is a matter of intense debate and in many jurisdictions pending legal action. The issue often surrounds how the intangible value or restricted rents are represented. We cannot issue a legal opinion as to how the taxing authority will assess the Subject. We advise the client to obtain legal counsel to provide advice as to the most likely outcome of a possible reassessment.

The Subject site is located within the San Diego County real estate taxing jurisdiction. According to the San Diego County Property Assessor's Office, real estate taxes for a property located in this jurisdiction are based upon a property's assessed value. In California, all real property is assessed at 100 percent of full market value as determined by the County Assessor. Under California State Law, real property is re-appraised only when a change in ownership occurs, or upon completion of new construction. Except for these two instances, property assessments cannot be increased by more than two percent annually, based on the California Consumer Price Index. According to the Assessor's Office, the current 2024 tax rate for the Subject parcel is \$1.22804 per \$100 of assessed value. The following table illustrates the current and previous three years' assessments of the property.

SUBJECT CURRENT ASSESSMENT AND TAX BURDEN

Tax Year	Total Market Value	Market Value Per Unit	Assessment Ratio	Total Assessed Value	Assessed Value Per Unit	Tax Rate	Total Ad Valorem Taxes	Taxes Per Unit
2024	\$12,399,166	\$137,769	100.0%	\$12,399,166	\$137,769	1.22804%	\$152,267	\$1,692

Tax Recapitulation

According to the assessment policy in the state of California and in San Diego County, assuming a sale, the Subject would be re-assessed in line with the actual market value of the property upon transfer. As such, we used the recapitulation approach to estimate real estate taxes for the Subject. Our calculations are detailed in the following table and are based upon our estimated net operating income (NOI) and capitalization rate for the Subject as derived later in this report.

TAX RECAPITULATION

	As Is
NOI Excluding Ad Valorem Taxes	\$3,263,525
Cap Rate	7.50%
Tax Rate	1.22804%
Assessment Ratio	100%
Loaded Cap Rate	8.7%
Indicated Market Value	\$37,391,267
Post-transfer Market Value Ratio	100.0%
Indicated Assessment	\$37,391,267
Assessment Per Unit	\$415,459
Indicated Ad Valorem Tax	\$459,180
Market Value With the Tax	\$37,391,267
Value Rounded	\$37,400,000

The Subject's indicated assessment is \$415,459 per unit, which equates to real estate taxes of \$5,102 per unit. This assessment will be utilized in our valuation.

ZONING

Current Zoning

According to the City of San Diego, the Subject site is zoned CN-1-2, Commercial Neighborhood 1-2. According to the code, "The purpose of the commercial zones is to provide for the employment, shopping, services, recreation, and lodging needs of the residents of and visitors to the City. The intent of the commercial zones is to provide distinct regulations for size, intensity, and design to reflect the variety of the desired development patterns within San Diego's communities." The purpose of the CN zones is to provide residential areas with access to a limited number of convenient retail and personal service uses. The CN zones are intended to provide areas for small scale, low intensity developments that are consistent with the character of the surrounding residential areas. The zones in this category may include residential development. Property within the CN zones will be primarily located along local and selected collector streets. The CN-1-2 zoning allows development with an auto orientation and permits a maximum density of one dwelling unit for each 1,500 square feet of lot area.

Potential Zoning Changes

We are not aware of any proposed zoning changes at this time.

IV. COMPETITIVE RENTAL ANALYSIS

SURVEY OF COMPARABLE PROPERTIES

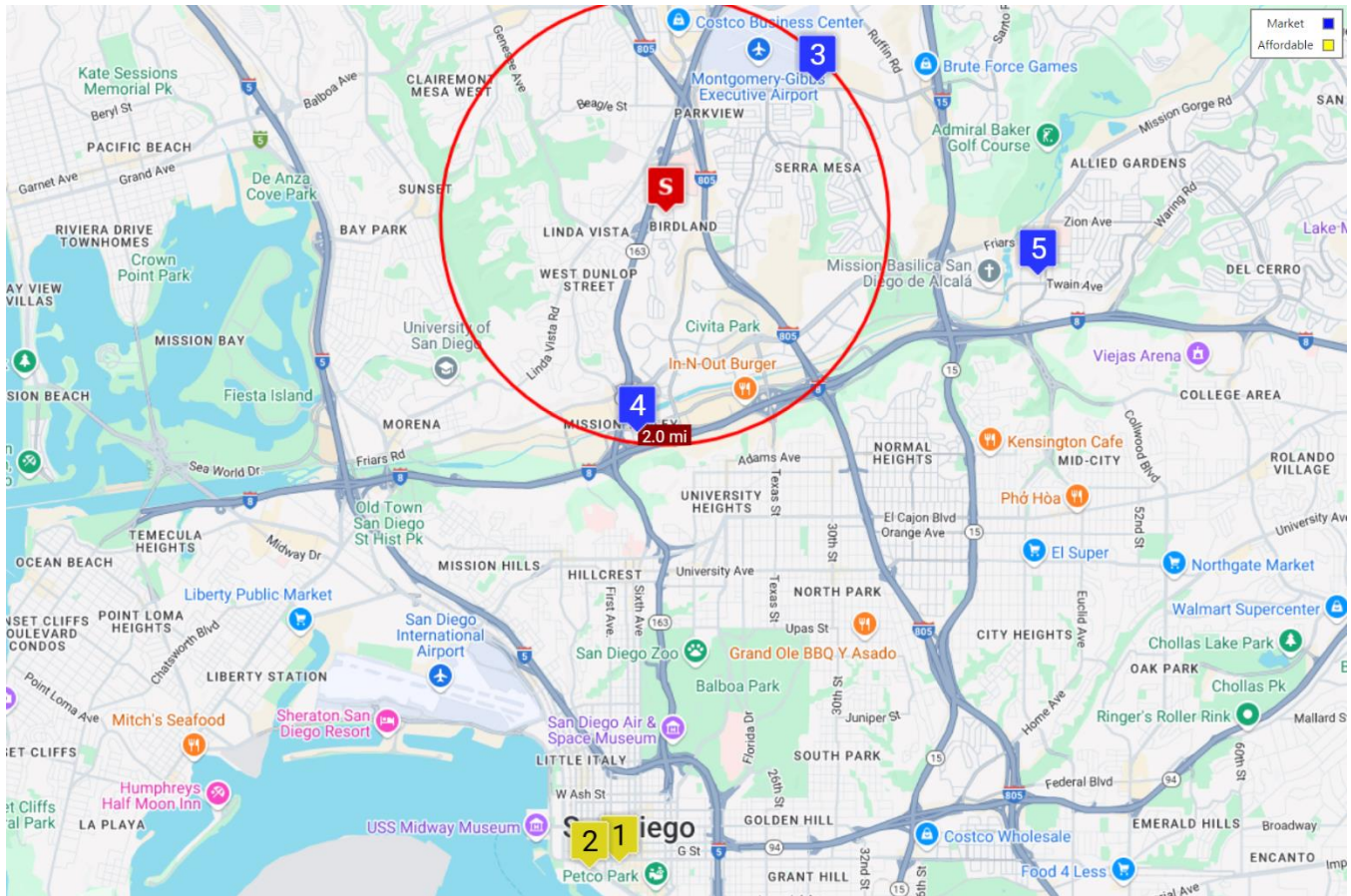
Comparable properties are examined on the basis of physical characteristics; i.e., building type, building age/quality, the level of common amenities, absorption rates, and similarity in rent structure. We attempted to compare the Subject to properties from the competing market, in order to provide a picture of the general economic health and available supply in the market.

Description of Property Types Surveyed

To evaluate the competitive position of the Subject, we surveyed a mix of both market rate long-term rentals and market rate short-term rentals. There are few furnished short term rentals in the area and we expanded our search to surrounding areas and compiled the best data available. Overall, we believe the availability of data is adequate to support our conclusions. The comparable data presented below includes a mix of conventional long-term unfurnished apartment rentals as well as two short-term furnished rentals that are income restricted. Later in this report we have also evaluated some additional short-term rental properties.

Comparable Rental Property Map

The following map illustrates the location of the Subject in relation to the comparable properties.



Source: Google Maps, May 2025

COMPARABLE PROPERTIES

#	Property Name	City	Rent Structure	Distance to Subject
S	Starling Place	San Diego	Market	-
1	Island Inn	San Diego	Affordable	5.7 miles
2	J Street Flats	San Diego	Affordable	5.8 miles
3	The Modернаire Apartments	San Diego	Market	1.8 miles
4	The Townsend	San Diego	Market	1.9 miles
5	Vora Mission Valley	San Diego	Market	3.4 miles

SUMMARY MATRIX

#	Property Name	Distance	Type/Built/ Renovated	AMI	Unit Type	#	%	SF	Restriction	Rent (Adj)	Max Rent?	Waiting List	Vacant Units	Vacancy Rate
S	Starling Place 7798 Starling Drive San Diego, CA San Diego County		Garden 3-stories 2022 Family	Market	OBR/1BA OBR/1BA 1BR/1BA	18 47 25	20.0% 53.3% 26.7%	380 400 450	Market Market Market	\$1,600 \$1,650 \$1,950	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A
						90							N/A	N/A
1	Island Inn 202 Island Ave San Diego, CA San Diego County	5.7 miles	Midrise 4-stories 1992 / 2018 Family	@85%	OBR/1BA OBR/1BA	100 100	50.0% 50.0%	285 315	@85% @85%	\$1,216 \$1,336	No No	No No	N/A N/A	N/A N/A
						200							3	1.5%
2	J Street Flats 222 J Street San Diego, CA San Diego County	5.8 miles	Lowrise 4-stories 1990 Family	@85%	OBR/1BA OBR/1BA	N/A N/A	N/A N/A	285 315	@85% @85%	\$1,233 \$1,333	N/A N/A	No No	N/A N/A	N/A N/A
						222							5	2.3%
3	The Modernaire Apartments 2420 Cardinal Dr San Diego, CA San Diego County	1.8 miles	Lowrise 4-stories 1983 / 2024 Family	Market	OBR/1BA OBR/1BA 1BR/1BA 2BR/1BA 2BR/1BA 2BR/2BA	N/A N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A N/A	470 470 751 931 931 1,000	Market Market Market Market Market Market	\$1,900 \$1,975 \$2,300 \$2,625 \$2,695 \$2,795	N/A N/A N/A N/A N/A N/A	No No No No No No	N/A N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A N/A
						278							12	4.3%
4	The Townsend 5075 Camino De La Siesta San Diego, CA San Diego County	1.9 miles	Midrise 5-stories 2022 Family	Market	OBR/1BA OBR/1BA 1BR/1BA 1BR/1BA 2BR/2BA 2BR/2BA	N/A N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A N/A	478 579 728 750 1,087 1,090	Market Market Market Market Market Market	\$2,360 \$2,865 \$2,899 \$3,100 \$3,850 \$3,831	N/A N/A N/A N/A N/A N/A	No No No No No No	N/A N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A N/A
						277							14	5.1%
5	Vora Mission Valley 4440 Twain Avenue San Diego, CA San Diego County	3.4 miles	Midrise 4-stories 2017 Family	Market	OBR/1BA OBR/1BA 1BR/1BA 1BR/1BA 1BR/1.5BA 1BR/2BA 1BR/2BA 1BR/1.5BA 2BR/2BA 2BR/2BA 2BR/2BA 3BR/2BA	N/A 35 50 125 1 2 2 2 115 23 19	N/A 9.4% 13.4% 33.4% 0.3% 0.5% 0.5% 0.5% 30.7% 6.1% 5.1%	567 589 600 811 1,056 1,205 1,392 1,479 988 1,317 1,518	Market Market Market Market Market Market Market Market Market Market Market	\$2,077 \$2,112 \$2,267 \$2,556 N/A N/A N/A N/A \$2,832 \$3,349 \$4,216	N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A	No No No No No No No No No No No	N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A	N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A
						374							36	9.6%

PROPERTY PROFILE REPORT

Island Inn

Effective Rent Date	5/05/2025
Location	202 Island Ave San Diego, CA 92101 San Diego County
Distance	5.7 miles
Units	200
Vacant Units	3
Vacancy Rate	1.5%
Type	Midrise (4 stories)
Year Built/Renovated	1992 / 2018
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Other affordable properties w/SRO units
Tenant Characteristics	Singles
Contact Name	Tina
Phone	619-232-4138



Market Information

Program	@85%
Annual Turnover Rate	33%
Units/Month Absorbed	N/A
HCV Tenants	1%
Leasing Pace	Within one month
Annual Chg. in Rent	Increased 3-4%
Concession	\$500 off 12 month lease; \$250 off 9 month
Waiting List	None

Utilities

A/C	included -- wall
Cooking	included
Water Heat	included -- other
Heat	included -- electric
Other Electric	included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Midrise (4 stories)	100	285	\$1,500	\$17	@85%	No	N/A	N/A	no	None
0	1	Midrise (4 stories)	100	315	\$1,620	\$17	@85%	No	N/A	N/A	no	None

Unit Mix

@85%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1BA	\$1,500 - \$1,620	\$17	\$1,483 - \$1,603	-\$267	\$1,216 - \$1,336

Amenities

In-Unit		Security	Services
Blinds	Cable/Satellite/Internet	Intercom (Buzzer)	None
Carpeting	Coat Closet	Limited Access	
Ceiling Fan	Furnishing	Patrol	
Microwave	Refrigerator		
Wall A/C			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Elevators	Exercise Facility		
Garage(\$180.00)	Central Laundry		
On-Site Management			

Comments

The contact reported property is income restricted; tenants income must be 2.5 times rent amount. The maximum incomes are \$84,900 for one person and \$97,000 for two people. The contact reported property accepts Housing Choice Vouchers, but was unable to specify how many were in use. The contact stated property offers lease terms of six, nine, and 12 months.

Island Inn, continued

Trend Report

Vacancy Rates

4Q12	3Q18	4Q19	2Q25
0.0%	0.0%	6.0%	1.5%

Trend: @85%

Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	3	0.0%	\$1,160 - \$1,250	\$0	\$1,160 - \$1,250	\$893 - \$983
2019	4	N/A	\$1,200 - \$1,300	\$17	\$1,183 - \$1,283	\$916 - \$1,016
2025	2	N/A	\$1,500 - \$1,620	\$17	\$1,483 - \$1,603	\$1,216 - \$1,336

Trend: Comments

4Q12	Contact noted that the complex does not maintain a formal waiting list; however, they do keep recent applications on file and contact prospective tenants as units turnover. The contact also stated that complex does not do long term leases. They complex does week to week and month to month leases. The contact stated that due to the nature of their leasing, the annual turnover rate is naturally higher. Units come fully furnished.
3Q18	All units are SRO units and are furnished with cable and offer a private bathroom, mini-fridge and microwave. The contact reported that units are rented on a weekly basis for the first month ranging from \$265 to \$288 per week plus tax. The information regarding the current condition of the property was obtained through our physical inspection and through information provided by the property manager.
4Q19	All units are SRO units which include cable and offer a private bathroom, mini-fridge and microwave. All units are fully furnished. The contact noted that tenants must make more than \$24,000 a year but no more than \$58,300 per year for one person or \$66,650 per year for two people. The property is currently in the process of renovating units. The renovations include new carpet, furniture, appliances, and paint. Garage parking is available for \$180 per month. The contact reported that the units are not rented at the maximum allowable level due to the amount and quality of the competition in the area. He does not believe the maximum allowable rents would be achievable at the property.
2Q25	The contact reported property is income restricted; tenants income must be 2.5 times rent amount. The maximum incomes are \$84,900 for one person and \$97,000 for two people. The contact reported property accepts Housing Choice Vouchers, but was unable to specify how many were in use. The contact stated property offers lease terms of six, nine, and 12 months.

Photos



PROPERTY PROFILE REPORT

J Street Flats

Effective Rent Date	5/05/2025
Location	222 J Street San Diego, CA 92101 San Diego County
Distance	5.8 miles
Units	222
Vacant Units	5
Vacancy Rate	2.3%
Type	Lowrise (4 stories)
Year Built/Renovated	1990 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	N/A
Contact Name	Not disclosed
Phone	616-696-6922



Market Information

Program	@85%
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	N/A
Annual Chg. in Rent	N/A
Concession	N/A
Waiting List	None

Utilities

A/C	included
Cooking	included
Water Heat	included
Heat	included
Other Electric	included
Water	included
Sewer	included
Trash Collection	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Lowrise (4 stories)	N/A	285	\$1,500	\$0	@85%	No	N/A	N/A	N/A	None
0	1	Lowrise (4 stories)	N/A	315	\$1,600	\$0	@85%	No	N/A	N/A	N/A	None

Unit Mix

@85%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1BA	\$1,500 - \$1,600	\$0	\$1,500 - \$1,600	-\$267	\$1,233 - \$1,333

Amenities

In-Unit		Security	Services
Blinds	Cable/Satellite/Internet	Intercom (Buzzer)	None
Carpeting	Coat Closet	Limited Access	
Ceiling Fan	Furnishing		
Microwave	Oven		
Refrigerator	Wall A/C		
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Elevators	Exercise Facility		
Garage	Central Laundry		
On-Site Management			

J Street Flats, continued

Comments

The contact provided no additional comments.

Photos



PROPERTY PROFILE REPORT

The Modernaire Apartments

Effective Rent Date	5/12/2025
Location	2420 Cardinal Dr San Diego, CA 92123 San Diego County
Distance	1.8 miles
Units	278
Vacant Units	12
Vacancy Rate	4.3%
Type	Lowrise (4 stories)
Year Built/Renovated	1983 / 2024
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	Mixed tenancy
Contact Name	Kayla
Phone	(858) 565-0311



Market Information

Program	Market
Annual Turnover Rate	9%
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	Within one month
Annual Chg. in Rent	Changes frequently
Concession	None
Waiting List	None

Utilities

A/C	not included
Cooking	not included
Water Heat	not included
Heat	not included
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Lowrise (4 stories)	N/A	470	\$1,975	\$0	Market	No	N/A	N/A	N/A	HIGH*
0	1	Lowrise (4 stories)	N/A	470	\$1,900	\$0	Market	No	N/A	N/A	N/A	LOW*
1	1	Lowrise (4 stories)	N/A	751	\$2,300	\$0	Market	No	N/A	N/A	N/A	None
2	1	Lowrise (4 stories)	N/A	931	\$2,695	\$0	Market	No	N/A	N/A	N/A	HIGH*
2	1	Lowrise (4 stories)	N/A	931	\$2,625	\$0	Market	No	N/A	N/A	N/A	LOW*
2	2	Lowrise (4 stories)	N/A	1,000	\$2,795	\$0	Market	No	N/A	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1BA	\$1,900 - \$1,975	\$0	\$1,900 - \$1,975	\$0	\$1,900 - \$1,975
1BR / 1BA	\$2,300	\$0	\$2,300	\$0	\$2,300
2BR / 1BA	\$2,625 - \$2,695	\$0	\$2,625 - \$2,695	\$0	\$2,625 - \$2,695
2BR / 2BA	\$2,795	\$0	\$2,795	\$0	\$2,795

The Modernaire Apartments, continued

Amenities

In-Unit

Balcony/Patio
Carpet/Hardwood
Dishwasher
Microwave
Refrigerator
Washer/Dryer hookup

Blinds
Coat Closet
Garbage Disposal
Oven
Wall A/C

Security

Intercom (Buzzer)
Limited Access

Services

None

Property

Clubhouse/Meeting Room/Community
Exercise Facility
On-Site Management
Sauna
Wi-Fi

Elevators
Central Laundry
Picnic Area
Swimming Pool

Premium

None

Other

Spa

Comments

The contact reported property accepts Housing Choice Vouchers but was unable to specify how many were in use. The contact stated seven units are pre-leased. Contact reported pool is currently being renovated.

Photos



PROPERTY PROFILE REPORT

The Townsend

Effective Rent Date	5/07/2025
Location	5075 Camino De La Siesta San Diego, CA 92108 San Diego County
Distance	1.9 miles
Units	277
Vacant Units	14
Vacancy Rate	5.1%
Type	Midrise (5 stories)
Year Built/Renovated	2022 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	Mixed tenancy
Contact Name	Amber
Phone	(619) 677-5767



Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Changes daily
Concession	None
Waiting List	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Midrise (5 stories)	N/A	478	\$2,360	\$0	Market	No	N/A	N/A	N/A	None
0	1	Midrise (5 stories)	N/A	579	\$2,865	\$0	Market	No	N/A	N/A	N/A	None
1	1	Midrise (5 stories)	N/A	728	\$2,899	\$0	Market	No	N/A	N/A	N/A	None
1	1	Midrise (5 stories)	N/A	750	\$3,100	\$0	Market	No	N/A	N/A	N/A	None
2	2	Midrise (5 stories)	N/A	1,087	\$3,850	\$0	Market	No	N/A	N/A	N/A	None
2	2	Midrise (5 stories)	N/A	1,090	\$3,831	\$0	Market	No	N/A	N/A	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1BA	\$2,360 - \$2,865	\$0	\$2,360 - \$2,865	\$0	\$2,360 - \$2,865
1BR / 1BA	\$2,899 - \$3,100	\$0	\$2,899 - \$3,100	\$0	\$2,899 - \$3,100
2BR / 2BA	\$3,831 - \$3,850	\$0	\$3,831 - \$3,850	\$0	\$3,831 - \$3,850

The Townsend, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpeting	Central A/C	Limited Access	
Coat Closet	Dishwasher		
Exterior Storage(\$80.00)	Ceiling Fan		
Fireplace	Garbage Disposal		
Microwave	Oven		
Refrigerator	Vinyl Plank Flooring		
Walk-In Closet	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Bike Storage	Business Center/Computer Lab	None	None
Clubhouse/Meeting Room/Community	Commercial/Retail		
Courtyard	Elevators		
EV Charging Station	Exercise Facility		
Garage(\$250.00)	Off-Street Parking		
On-Site Management	Pet Park		
Picnic Area	Recreation Areas		
Rooftop Deck	Sauna		
Swimming Pool	Wi-Fi		

Comments

The contact stated property utilizes pricing software, causing rents to change daily. Storage units are available for an additional \$80 per month. Garage parking spaces are available for \$250 per month.

The Townsend, continued

Trend Report

Vacancy Rates

4Q23	2Q24	3Q24	2Q25
N/A	9.0%	2.9%	5.1%

Trend: Market

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2023	4	N/A	N/A	\$0	N/A	N/A
2024	2	N/A	\$3,143 - \$3,245	\$393 - \$406	\$2,750 - \$2,839	\$2,750 - \$2,839
2024	3	N/A	\$3,110 - \$3,250	\$0	\$3,110 - \$3,250	\$3,110 - \$3,250
2025	2	N/A	\$2,899 - \$3,100	\$0	\$2,899 - \$3,100	\$2,899 - \$3,100

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2023	4	N/A	N/A	\$0	N/A	N/A
2024	2	N/A	\$3,720 - \$4,071	\$465 - \$509	\$3,255 - \$3,562	\$3,255 - \$3,562
2024	3	N/A	\$3,780 - \$4,071	\$0	\$3,780 - \$4,071	\$3,780 - \$4,071
2025	2	N/A	\$3,831 - \$3,850	\$0	\$3,831 - \$3,850	\$3,831 - \$3,850

Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2023	4	N/A	N/A	\$0	N/A	N/A
2024	2	N/A	\$2,530 - \$2,855	\$316 - \$357	\$2,214 - \$2,498	\$2,214 - \$2,498
2024	3	N/A	\$2,720 - \$2,780	\$0	\$2,720 - \$2,780	\$2,720 - \$2,780
2025	2	N/A	\$2,360 - \$2,865	\$0	\$2,360 - \$2,865	\$2,360 - \$2,865

Trend: Comments

4Q23	N/A
2Q24	The property utilizes pricing software, causing rents to change daily. Storage units are available for an additional \$80 per month. Garage parking spaces are available for \$250 per month. The property is currently offering 6 weeks free rent on new leases.
3Q24	The property utilizes pricing software, causing rents to change daily. Storage units are available for an additional \$80 per month. Garage parking spaces are available for \$250 per month.
2Q25	The contact stated property utilizes pricing software, causing rents to change daily. Storage units are available for an additional \$80 per month. Garage parking spaces are available for \$250 per month.

Photos



PROPERTY PROFILE REPORT

Vora Mission Valley

Effective Rent Date	5/12/2025
Location	4440 Twain Avenue San Diego, CA 92120 San Diego County
Distance	3.4 miles
Units	374
Vacant Units	36
Vacancy Rate	9.6%
Type	Midrise (4 stories)
Year Built/Renovated	2017 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mix of local area professionals
Contact Name	Tyler
Phone	(844) 950-3289



Market Information

Program	Market
Annual Turnover Rate	19%
Units/Month Absorbed	13.9
HCV Tenants	0%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Change Daily
Concession	One month free
Waiting List	None

Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	not included
Sewer	not included
Trash Collection	not included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Midrise (4 stories)	35	589	\$2,304	\$192	Market	No	N/A	N/A	N/A	HIGH*
0	1	Midrise (4 stories)	N/A	567	\$2,266	\$189	Market	No	N/A	N/A	N/A	LOW*
1	1	Midrise (4 stories)	125	811	\$2,788	\$232	Market	No	N/A	N/A	N/A	HIGH*
1	1	Midrise (4 stories)	50	600	\$2,473	\$206	Market	No	N/A	N/A	N/A	LOW*
1	1.5	Midrise (4 stories)	2	1,479	N/A	\$0	Market	No	N/A	N/A	N/A	HIGH*
1	1.5	Midrise (4 stories)	1	1,056	N/A	\$0	Market	No	N/A	N/A	N/A	LOW*
1	2	Midrise (4 stories)	2	1,392	N/A	\$0	Market	No	N/A	N/A	N/A	HIGH*
1	2	Midrise (4 stories)	2	1,205	N/A	\$0	Market	No	N/A	N/A	N/A	LOW*
2	2	Midrise (4 stories)	23	1,317	\$3,653	\$304	Market	No	N/A	N/A	N/A	HIGH*
2	2	Midrise (4 stories)	115	988	\$3,089	\$257	Market	No	N/A	N/A	N/A	LOW*
3	2	Midrise (4 stories)	19	1,518	\$4,599	\$383	Market	No	N/A	N/A	N/A	None

Unit Mix

Amenities

Comments

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Trend Report

Vacancy Rates

4Q19	2Q24	2Q25
N/A	11.0%	9.6%

Trend: Market

1BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	4	N/A	\$2,600 - \$3,040	\$216 - \$253	\$2,384 - \$2,787	\$2,384 - \$2,787
2024	2	0.0%	N/A	\$0	N/A	N/A
2025	2	N/A	N/A	\$0	N/A	N/A

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	4	N/A	\$1,873 - \$2,400	\$156 - \$200	\$1,717 - \$2,200	\$1,717 - \$2,200
2024	2	10.9%	\$2,535 - \$2,847	\$317 - \$356	\$2,218 - \$2,491	\$2,218 - \$2,491
2025	2	N/A	\$2,473 - \$2,788	\$206 - \$232	\$2,267 - \$2,556	\$2,267 - \$2,556

1BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2024	2	0.0%	\$3,271	\$0	\$3,271	\$3,271
2025	2	N/A	N/A	\$0	N/A	N/A

2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	4	N/A	\$2,300 - \$2,900	\$192 - \$242	\$2,108 - \$2,658	\$2,108 - \$2,658
2024	2	10.9%	\$3,433 - \$3,883	\$429 - \$485	\$3,004 - \$3,398	\$3,004 - \$3,398
2025	2	N/A	\$3,089 - \$3,653	\$257 - \$304	\$2,832 - \$3,349	\$2,832 - \$3,349

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	4	N/A	\$3,100	\$258	\$2,842	\$2,842
2024	2	5.3%	\$4,102	\$0 - \$513	\$3,589	\$3,589
2025	2	N/A	\$4,599	\$383	\$4,216	\$4,216

Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	4	N/A	\$1,679	\$140	\$1,539	\$1,539
2024	2	17.1%	\$2,158 - \$2,483	\$0 - \$310	\$1,931 - \$2,173	\$1,931 - \$2,173
2025	2	N/A	\$2,266 - \$2,304	\$189 - \$192	\$2,077 - \$2,112	\$2,077 - \$2,112

Trend: Comments

4Q19	The contact reported the property opened in December of 2017. The property is still in lease up and has not yet stabilized. The contact expects stabilization in early 2020. Garage parking is included for one spot and is an additional \$30 per month for an extra space.
2Q24	The property utilizes pricing software, and rents change daily. Asking rents were not available for select floor plans with zero vacancies. Garage parking is included in the asking rent.
2Q25	The property utilizes pricing software, and rents change daily. Asking rents were not available for select floor plans with zero vacancies. Garage parking is included in the asking rent. The contact reported storage units available; price varies on size.

Photos



PROPERTY CHARACTERISTICS

Following are relevant characteristics of the comparable properties surveyed:

Location

The following table compares the Subject's location to the comparable locations. The following table illustrates selected locational characteristics for the Subject and comparables based on a 0.5-mile radius.

LOCATIONAL COMPARISON SUMMARY

#	Property Name	Program	Distance Subject	Household Income	Median Home Value	Median Rent	Crime Index	Walk Score	Vacant Housing	% Renter HH
S	Starling Place	Market		\$89,756	\$821,345	\$2,472	125	45	5.8%	63.3%
1	Island Inn	Affordable	5.7 miles	\$80,094	\$948,784	\$2,280	267	97	19.5%	55.2%
2	J Street Flats	Affordable	5.8 miles	\$80,094	\$948,784	\$2,280	267	96	20.5%	50.9%
3	The Modenaire Apartments	Market	1.8 miles	\$110,579	\$821,345	\$2,472	204	30	3.8%	49.4%
4	The Townsend	Market	1.9 miles	\$98,246	\$826,493	\$2,417	173	61	8.5%	68.3%
5	Vora Mission Valley	Market	3.4 miles	\$110,860	\$902,247	\$2,309	121	75	7.7%	60.0%

The Subject is located in the Birdland Neighborhood of San Diego, which is a mixed-use neighborhood. The Subject's location is designated as "Car Dependent" by WalkScore with a score of 45. The Modenaire, The Townsend, and Vora Mission Valley all offer generally similar locations in terms of access to locational amenities, while Island Inn and J Street Flats offer superior access to locational amenities given their downtown locations.

Age and Condition

The following table illustrates the Subject's design and condition in comparison to the comparable properties.

	Starling Place	Island Inn	J Street Flats	The Modenaire Apartments	The Townsend	Vora Mission Valley
Program	Market	Affordable	Affordable	Market	Market	Market
Tenancy	Family	Family	Family	Family	Family	Family
Building						
Property Type	Garden	Midrise	Lowrise	Lowrise	Midrise	Midrise
# Stories	3	4	4	4	5	4
Year Built	2022	1992	1990	1983	2022	2017
Year Renovated	N/A	2018	N/A	2024	N/A	N/A
Commercial	no	no	no	no	yes	no
Elevators	no	yes	yes	yes	yes	yes

The Subject was converted to apartments in 2022, and currently exhibits good overall condition. The Subject offers slightly superior condition relative to Island Inn and J Street Flats, similar condition to The Modenaire, and slightly inferior condition to The Townsend and Vora Mission Valley.

The Subject offers a three-story, elevator-serviced lowrise design, similar to all of the comparables.

Unit Size

The following table summarizes unit sizes in the market area, and provides a comparison of the Subject's unit size relative to the surveyed average unit sizes in the market.

UNIT SIZE COMPARISON

Bedroom Type	OBR	1BR
Subject	380 - 400	450
Average	435	975
Min	285	600
Max	589	1,479
Advantage/Disadvantage	-12.7% to -8.1%	-53.8%

The Subject offers very small units. The studio units are within the range of the comparables but at a 8.1 to 12.7 percent disadvantage to the comparable average, while the one-bedroom units are below the range of the comparables and are 53.8 percent smaller than the comparable average. We have considered the Subject's unit sizes in our determination of achievable rents.

Utility Structure

The property charges a flat fee of \$200 per month on top of the rent for all utilities for all long-term leases. The Subject offers wall air conditioning, electric cooking, electric heating, and electric water heating. The rents indicated are separate from utility payments and utilities are collected as other income. As such, for the purpose of this analysis (and in order to match the financials), we have assumed all utilities are tenant paid and we have accounted for the collected utility payments as other income. The comparables have been adjusted for differing utilities allowances based on the San Diego Housing Authority Utility Allowance Schedule.

	Starling Place	Island Inn	J Street Flats	The Modernaire Apartments	The Townsend	Vora Mission Valley
Program	Market	Affordable	Affordable	Market	Market	Market
Tenancy	Family	Family	Family	Family	Family	Family
Utility Structure						
Heat	no	yes	yes	no	no	no
Cooking	no	yes	yes	no	no	no
Other Electric	no	yes	yes	no	no	no
Air Conditioning	no	yes	yes	no	no	no
Water Heat	no	yes	yes	no	no	no
Water	no	yes	yes	no	no	no
Sewer	no	yes	yes	no	no	no
Trash	no	yes	yes	no	no	no

In-Unit Amenities

The following table compares the Subject's in-unit amenities with comparable properties.

	Starling Place	Island Inn	J Street Flats	The Modernaire Apartments	The Townsend	Vora Mission Valley
Program	Market	Affordable	Affordable	Market	Market	Market
Tenancy	Family	Family	Family	Family	Family	Family
Unit						
Balcony	no	no	no	yes	yes	yes
Blinds	yes	yes	yes	yes	yes	yes
Cable/Satellite	yes	yes	yes	no	no	no
Carpeting	yes	yes	yes	no	yes	yes
Ceiling Fan	no	yes	yes	no	yes	no
Central/AC	no	no	no	no	yes	yes
Coat Closet	no	yes	yes	yes	yes	yes
Exterior Storage	no	no	no	no	yes	yes
Fireplace	no	no	no	no	yes	no
Furnishing	yes	yes	yes	no	no	no
Hardwood Floors	no	no	no	yes	no	no
Vinyl Plank Flooring	yes	no	no	no	yes	yes
Walk-In-Closet	no	no	no	no	yes	yes
Wall A/C	yes	yes	yes	yes	no	no
Washer / Dryer	no	no	no	no	yes	yes
W/D Hookups	no	no	no	yes	yes	yes
Kitchen						
Dishwasher	no	no	no	yes	yes	yes
Disposal	no	no	no	yes	yes	yes
Microwave	yes	yes	yes	yes	yes	yes
Oven	yes	no	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes

All units are fully furnished and include a stainless steel refrigerator, two-burner stove top, a microwave, a TV, and air conditioning. The Subject also offer free cable and internet. Island Inn and J Street Flats both offer furnished units, similar to the Subject. The remaining comparables do not offer furnishings but offer more unit amenities compared to the Subject. We have considered these differences in our determination of achievable rents.

Property Amenities

The following table compares the Subject's property amenities with the comparable properties.

	Starling Place	Island Inn	J Street Flats	The Moderaire Apartments	The Townsend	Vora Mission Valley
Program	Market	Affordable	Affordable	Market	Market	Market
Tenancy	Family	Family	Family	Family	Family	Family
Community						
Bike Storage	no	no	no	no	yes	no
Business Center	no	yes	yes	no	yes	yes
Central Laundry	yes	yes	yes	yes	no	no
Clubhouse	no	yes	yes	yes	yes	yes
Courtyard	no	no	no	no	yes	yes
EV Charging Station	no	no	no	no	yes	no
On-Site Mgmt	no	yes	yes	yes	yes	yes
Pet Park	no	no	no	no	yes	yes
Rooftop Deck	no	no	no	no	yes	no
WiFi	no	no	no	yes	yes	yes
Recreation						
Exercise Facility	no	yes	yes	yes	yes	yes
Picnic Area	no	no	no	yes	yes	no
Recreational Area	no	no	no	no	yes	yes
Sauna	no	no	no	yes	yes	yes
Swimming Pool	no	no	no	yes	yes	yes
Theatre	no	no	no	no	no	yes

The Subject offers a laundry room but no other property amenities. All of the comparables offer superior common area amenities, which has been considered in our determination of achievable rents.

Security Features

The Subject offers limited access, generally similar to the comparables.

Parking

The following table compares the Subject's parking amenities with comparable properties.

	Starling Place	Island Inn	J Street Flats	The Moderaire Apartments	The Townsend	Vora Mission Valley
Program	Market	Affordable	Affordable	Market	Market	Market
Tenancy	Family	Family	Family	Family	Family	Family
Walk Score	45	97	96	30	61	75
Transit Score	0	0	0	0	0	0
Parking Ratio	n/a	n/a	n/a	n/a	n/a	n/a
Parking						
Garage	no	yes	yes	no	yes	yes
Garage Fee	n/a	\$180	n/a	n/a	\$250	\$0
Surface	yes	no	no	no	yes	no
Surface Fee	\$175	\$0	n/a	\$60	n/a	\$0

The Subject offers 48 off-street surface parking spaces, or approximately 0.53 spaces per unit. The parking spaces are rented for \$175 per month or \$15 per day. All of the comparables are generally superior to the Subject in terms of parking.

MARKET CHARACTERISTICS

Following are relevant market characteristics for the comparable properties surveyed.

Vacancy

The following table summarizes overall weighted vacancy levels at the surveyed properties.

OVERALL VACANCY					
Property Name	Program	Tenancy	Total Units	Vacant Units	Vacancy %
Island Inn	Affordable	Family	200	3	1.5%
J Street Flats	Affordable	Family	222	5	2.3%
Park House Apartments	Market	Family	50	1	2.0%
The Modernaire Apartments	Market	Family	278	12	4.3%
The Townsend	Market	Family	277	14	5.1%
Vora Mission Valley	Market	Family	374	36	9.6%
Affordable Total			422	8	1.9%
Market Total			979	63	6.4%
Overall Total			1,401	71	5.1%

The comparable properties reported vacancy rates ranging from 1.5 to 9.6 percent, with an overall weighted average of 5.1 percent. The average vacancy rate reported by the affordable comparables was 1.9 percent, well below the 6.4 percent weighted average reported by the market rate properties. All of the market rate properties reported vacancy rates of 9.6 percent or less.

Historical vacancy and collection loss data was not available for the Subject property. According to the rent roll provided by the client, there are 41 units occupied with leases ranging from one to ten months and the rest of the units are listed for daily rent where occupancy data was not available for these units. We have made an assumption that the Subject is operating with 41 long-term rental units and 49 short-term rental units. Given that the Subject's long-term units have flexible leases starting at one month, we would expect these to operate with a slightly higher vacancy rate relative to the comparables, which mostly offer six to 12-month leases. We estimated vacancy and collection loss for the long-term rental units at five percent.

The short-term rental units are expected to operate with higher vacancy and collection loss. Given that historical vacancy and collection loss data is not available and there are no comparables that we have vacancy and collection loss data from, we analyzed the following market reports for short-term rental housing in San Diego.

- According to the San Diego Travel Forecast published in January 2025 by Tourism Economics the occupancy rate for short-term lodging in 2024 was 74.4 percent, which is expected to increase to 74.8 percent in 2025.
- According to the Weekly Hotel Performance Update prepared by Tourism Economics for the week of April 13 to 19, 2025, the occupancy rate in San Diego was 73.2 percent and the occupancy rate for the Mission Valley submarket (the closest to the Subject) was 72.0 percent.
- The March 2025 STR Lodging Performance Snapshot provided by Tourism Economics for March 2025 indicated an occupancy rate of 69.5 percent for the San Diego market. The occupancy rate for the Mission Valley submarket was 68.9 percent in March 2025.
- According to the Hospitality Submarket Report published by CoStar in 2025, the 12-month occupancy rate in the market has been 73.3 percent, while the 2025 YTD occupancy rate has been 69.2 percent (January through March 2025).

Taking all of this into account, we have estimated vacancy on the short-term rental PGI at 40 percent, which is above the data presented above, but reasonable when considering the unique Subject property, which offers no amenities besides laundry.

Concessions

The following table details rental concessions offered by the comparables.

CONCESSIONS			
Property Name	Program	Tenancy	Concessions
Island Inn	Affordable	Family	\$500 off 1st month's rent on 12-month lease and \$250 off on 9-month
J Street Flats	Affordable	Family	None
Park House Apartments	Market	Family	None
The Moderaire Apartments	Market	Family	None
The Townsend	Market	Family	None
Vora Mission Valley	Market	Family	One month free

Two of the comparable properties reported offering concessions. Assuming rents are appropriately positioned, we do not believe the Subject will need to offer concessions.

Reasonability of Rents

The following is a discussion about the Subject's and comparable properties' rents. 'Net rents' are rents adjusted for the cost of utilities (adjusted to the Subject's convention) and are used to compensate for the differing utility structures of the Subject and the comparable properties. Net rents represent the actual costs of residing at a property, and help to provide an 'apples-to-apples' comparison of rents. It is important to note that we compared conceded rent levels at the Subject to the comparable properties.

The following table illustrates the Subject's current rents and unit mix. As previously discussed, the Subject offers fully furnished short-term rental housing units with some units renting on a monthly basis and others renting on a daily basis through Air BnB.

CURRENT RENTS - MONTHLY UNITS									
Bedroom Type	Square Footage	Number of Units	Asking Rent (Monthly)*	Min Rent*	Max Rent*	Avg Rent*	Occupancy*	Utility Fee	Lease Terms*
OBR/1BA	380	9	\$1,600	\$1,200	\$1,600	\$1,556	100%	\$200	1 Month
OBR/1BA	400	22	\$1,650	\$1,650	\$1,725	\$1,662	100%	\$200	-10 Months
1BR/1BA	450	10	\$1,950	\$1,650	\$1,950	\$1,828	100%	\$200	
Total		41							

*Based on Rent Roll effective 4/28/2025

CURRENT RENTS - DAILY UNITS (AIR BNB)			
Bedroom Type	Square Footage	Number of Units	Asking Rent (Daily)
OBR/1BA	380	9	\$203
OBR/1BA	400	25	\$261
1BR/1BA	450	15	\$270
Total		49	

*Obtained from Air BnB listing

According to the rent roll dated April 28, 2025, the Subject's 41 long-term rental units are currently 100 percent occupied. Historical daily pricing and occupancy rate data was not available.

Achievable Monthly Rents

The following table details the Subject's proposed rents in comparison to rents at the comparables.

MARKET RENT COMPARISON		
Property Name	OBR	1BR
Subject Current Asking	\$1,600 - 1,650	\$1,950
The Modenaire Apartments	\$1,900	\$2,300
	\$1,975	-
The Townsend	\$2,360	\$2,899
	\$2,865	\$3,100
Vora Mission Valley	\$2,077	\$2,267
	\$2,112	\$2,556
Average	\$2,215	\$2,624
Achievable Market Rents	\$1,600 - 1,650	\$1,950

MARKET RENT COMPARISON/SF		
Property Name	OBR	1BR
Subject Pro Forma Market	\$4.12 - 4.21	\$4.33
The Modenaire Apartments	\$4.04	\$3.06
	\$4.20	-
The Townsend	\$4.94	\$3.98
	\$4.95	\$4.13
Vora Mission Valley	\$3.59	\$3.15
	\$3.66	\$3.78
Average/SF	\$4.23	\$3.62
Achievable Rent/SF	\$4.13-\$4.21	\$4.33

The Subject is most similar to The Modenaire in terms of condition but offers smaller unit sizes, inferior common area amenities, and different unit amenities (Subject offers some advantages and some disadvantages). Overall, we have concluded to rents that are below the comparable range on a per unit basis but above or within the range on a per square foot basis. Our concluded rents are in line with the current asking rents at the property for the long-term units, which appear to be achievable.

Achievable Daily Rents

We are aware of only one similar property to the Subject's daily rental units; however, given the nature of these property types, very limited information is available and we also relied on market survey reports as discussed below.

City Villas is a short-term rental property located at 845 16th St, San Diego, CA 92101 in downtown San Diego, approximately 5.5 miles south of the Subject site. The following table details all available information for this property.

City Villas					
Year Built	Unit Type	Unit Size (Sq. Ft.)	Daily Rate*	Notes	Amenities
1989	OBR	500	\$157	Furnished	
	1BR	500-535	\$160-\$374	Furnished	Pet Park, Laundry facility

*For June 2025

The Subject offers superior condition, a slightly inferior location, smaller unit sizes, and generally similar amenities relative to this comparable. Overall, the Subject is a superior product relative to this property. Given that there is limited comparable data available we analyzed the following market reports for short-term rental housing in San Diego.

- According to the San Diego Travel Forecast published in January 2025 by Tourism Economics the average daily rate (ADR) in 2024 was \$212.53 and the ADR for 2025 is projected to be \$215.36.
- According to the Weekly Hotel Performance Update prepared by Tourism Economics for the week of April 13 to 19, 2025, the ADR in San Diego was \$198 and the ADR for the Mission Valley submarket (the closest to the Subject) was \$136.
- The March 2025 STR Lodging Performance Snapshot provided by Tourism Economics for March 2025 indicated an ADR of \$204 percent for the San Diego market. The ADR for the Mission Valley submarket was \$147 in March 2025.
- According to the Hospitality Submarket Report published by CoStar in 2025, the 12-month ADR in the market is \$171.38, while the 2025 YTD ADR has been \$163.51 (January through March 2025).

Considering the above data, along with the current rates at the Subject, we have concluded to average daily rates of \$200, \$240, and \$250 for the Subject's short-term rental units.

The following table details our estimate of PGI for both the long and short-term rental units.

POTENTIAL GROSS INCOME (AS IS)

Unit Type	Type	# Units	Square Feet	Achievable	Monthly	Annual
OBR/1BA	Monthly	9	380	\$1,600	\$14,400	\$172,800
OBR/1BA	Monthly	22	400	\$1,650	\$36,300	\$435,600
1BR/1BA	Monthly	10	450	\$1,950	\$19,500	\$234,000
Total (Monthly)		41			\$20,546	\$842,400
OBR/1BA	Daily	9	380	\$200	\$54,750	\$657,000
OBR/1BA	Daily	25	400	\$240	\$182,500	\$2,190,000
1BR/1BA	Daily	15	450	\$250	\$114,063	\$1,368,750
Total (Daily)		49			\$86,036	\$4,215,750
Total (Overall)		90				\$5,058,150

V. HIGHEST AND BEST USE

HIGHEST AND BEST USE

According to the Appraisal Institute, The Dictionary of Real Estate Appraisal, Seventh Edition. (Chicago: Appraisal Institute, 2022), the Highest and Best Use is defined as: “The reasonably probable and legal use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.”

Investors continually attempt to maximize profits on invested capital. The observations of investor activities in the area are an indication of that use which can be expected to produce the highest value. The principle of conformity holds, in part, that conformity in use is usually a highly desirable adjunct of real property, since it generally helps create and/or maintains maximum value.

It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use. Implied in this definition is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners. The principle of Highest and Best Use may be applied to the site if vacant and to the site as it is improved.

The Highest and Best Use determination is a function of neighborhood land use trends, property size, shape, zoning, and other physical factors, as well as the market environment in which the property must compete. Four tests are typically used to determine the highest and best use of a particular property. Thus, the following areas are addressed.

- 1. Physically Possible:** The uses to which it is physically possible to put on the site in question.
- 2. Legally Permissible:** The uses that are permitted by zoning and deed restrictions on the site in question.
- 3. Feasible Use:** The possible and permissible uses that will produce any net return to the owner of the site.
- 4. Maximally Productive:** Among the feasible uses, the use that will produce the highest net return or the highest present worth.

HIGHEST AND BEST USE ‘AS IF VACANT’

Physically Possible

The Subject site is 0.94 acres, or 40,946 square feet per the San Diego County Assessor. The site exhibits generally level topography, is irregular in shape, and offers good accessibility. The site is not located within a floodplain. The site is considered adequate for a variety of legally permissible uses.

Legally Permissible

According to the City of San Diego, the Subject site is zoned CN-1-2, Commercial Neighborhood 1-2. According to the code, “The purpose of the commercial zones is to provide for the employment, shopping, services, recreation, and lodging needs of the residents of and visitors to the City. The intent of the commercial zones is to provide distinct regulations for size, intensity, and design to reflect the variety of the desired development patterns within San Diego’s communities.” The purpose of the CN zones is to provide residential areas with access to a limited number of convenient retail and personal service uses. The CN zones are intended to provide areas for small scale, low intensity developments that are consistent with the character of the surrounding residential areas. The zones in this category may include residential development. Property within the CN zones will be primarily located along local and selected collector streets. The CN-1-2 zoning allows development with an auto orientation and permits a maximum density of one dwelling unit for each 1,500 square feet of lot area, or 29 units per acre. However, density bonuses are available to developers of affordable housing projects. The following table details proposed or recently completed development densities in the Subject’s neighborhood.

Property Name	Property Address	Building Status	Year Built	Number Of Units	Land Area (AC)	Density
Evelyn's Place	7765 Mesa College Dr	Final Planning	2027	55	0.27	204
Ion Aero	8555 Aero Dr	Under Construction	2026	302	2.01	150
AMLI Aero	8225 Aero Dr	Under Construction	2025	434	3.80	114
Rivair Apartments	7050 Friars Rd	Existing	2025	316	3.07	103
The Brynn at Civita	2525 Via Alta	Under Construction	2025	200	3.07	65
The V Tower	2341 Ulric St	Existing	2024	60	0.51	117
Puesta Del Sol	2601-2641 Ulric St	Existing	2024	59	1.38	43
Citrino Apartments	6916 Fulton St	Existing	2023	42	0.68	61
Ruby at the Society	101 River Park Dr	Existing	2023	145	1.37	106
Amanecer Apartments	2645-2685 Ulric St	Existing	2023	96	1.47	65
Townsend	5075 Camino De La Siesta	Existing	2022	277	5.13	54
Average						98

The density of the land sales used as comparables are illustrated in the following table.

LAND SALES (UNITS PER ACRE)

Sale	City	Zoning	Proposed Units	Site Acres	Units Per Acre
3900 Cleveland Avenue	San Diego	RM-4-11	180	0.64	281
3450 El Cajon Blvd	San Diego	CU-2-3	27	0.10	270
3946 Louisiana Street	San Diego	R-3	36	0.13	277
3659 Adams Avenue	San Diego	C	24	0.16	150
Average					245

Given the physical characteristics of the site, the surrounding land uses, the demand for rental housing, and the zoning of the site, the most likely use of the site is for multifamily development and we believe the Subject site could support a multifamily development of approximately 90 units, or approximately 96 units per acre.

Financially Feasible

The cost of the land limits those uses that are financially feasible for the site. Any uses of the Subject site that provide a financial return to the land in excess of the cost of the land are those uses that are financially feasible.

The Subject's feasible uses are restricted to those that are allowed by zoning classifications, and are physically possible. As noted in the zoning section, the Subject site could support multifamily development. Based upon a cost analysis, multifamily development is financially feasible either as market rate or with the benefit of tax credits or other gap funding.

Maximally Productive

Based upon our analysis, the maximally productive use of this site as if vacant would be to construct a multifamily rental property.

Conclusion

Highest and Best Use 'As If Vacant'

The Subject's highest and best use "As If Vacant" is to construct a 90-unit affordable multifamily rental property using available density bonuses.

HIGHEST AND BEST USE 'As Is'

The Subject is currently operating successfully as a long and short-term rental development. The property currently generates a positive return and is not deemed feasible to tear down to allow for alternative uses. The highest and best use "as is" is for the continuation of the current use.

VI. APPRAISAL METHODOLOGY

APPRAISAL METHODOLOGY

Contemporary appraisers usually gather and process data according to the discipline of the three approaches to value.

The cost approach consists of a summation of land value and the cost to reproduce or replace the improvements, less appropriate deductions for depreciation. Reproduction cost is the cost to construct a replica of the Subject improvements. Replacement cost is the cost to construct improvements having equal utility.

The sales comparison approach involves a comparison of the appraised property with similar properties that have sold recently. When properties are not directly comparable, sale prices may be broken down into units of comparison, which are then applied to the Subject for an indication of its likely selling price.

The income capitalization approach involves an analysis of the investment characteristics of the property under valuation. The earnings' potential of the property is carefully estimated and converted into an estimate of the property's market value.

Applicability to the Subject Property

The cost approach consists of a summation of land value (as though vacant) and the cost to reproduce or replace the improvements, less appropriate deductions for depreciation. Reproduction cost is the cost to construct a replica of the Subject improvements. Replacement cost is the cost to construct improvements having equal utility. Given the age and nature of the Subject property, this valuation technique was not undertaken since we do not believe the approach would yield a reliable indication of value for the Subject property; however, per the scope of work we have provided a value of the underlying land as if vacant.

In the sales comparison approach, we estimate the value of a property by comparing it with similar, recently sold properties in surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution. There is adequate information to use the sales comparison approach and a sales price per unit analysis in valuing the Subject property.

The income capitalization approach requires estimation of the anticipated economic benefits of ownership, gross and net incomes, and capitalization of these estimates into an indication of value using investor yield or return requirements. Yield requirements reflect the expectations of investors in terms of property performance, risk and alternative investment possibilities. The Subject will be an income producing property and this is considered to be the best method of valuation.

VII. COST APPROACH

COST APPROACH

The employment of the Cost Approach in the valuation process is based on the principle of substitution. As discussed, this valuation technique was not undertaken since we do not believe the approach would yield a reliable indication of value for the Subject property. This is primarily attributable to the age and condition of the improvements, and the fact that the market data does not support a credible indication of depreciation. Additionally, the financial infeasibility of the Subject is an additional factor for excluding this approach. Moreover, apartment purchasers in the local market do not typically use cost principles in pricing for older properties like the Subject. For these reasons, the Cost Approach has not been presented in this report. However, an indication of land value is part of this engagement.

LAND VALUATION

To arrive at an estimated land value for the Subject site, the appraisers have analyzed actual sales of comparable properties in the competitive area.

No two parcels of land are alike; therefore, these sales have been adjusted for various factors including location, size, shape, topography, utility, and marketability. The adjustments made are the result of a careful analysis of market data, as well as interviews with various informed buyers, sellers, real estate brokers, builders and lending institutions. The following pages outline our findings.

The sales comparison approach typically reflects the actions of buyers and sellers in the marketplace and serves as an excellent benchmark as to what a potential buyer would be willing to pay for the Subject property. We researched the Subject's market area for recent sales of comparable vacant land. From our research, we selected transactions that represent the most recent competitive alternative sales in the marketplace.

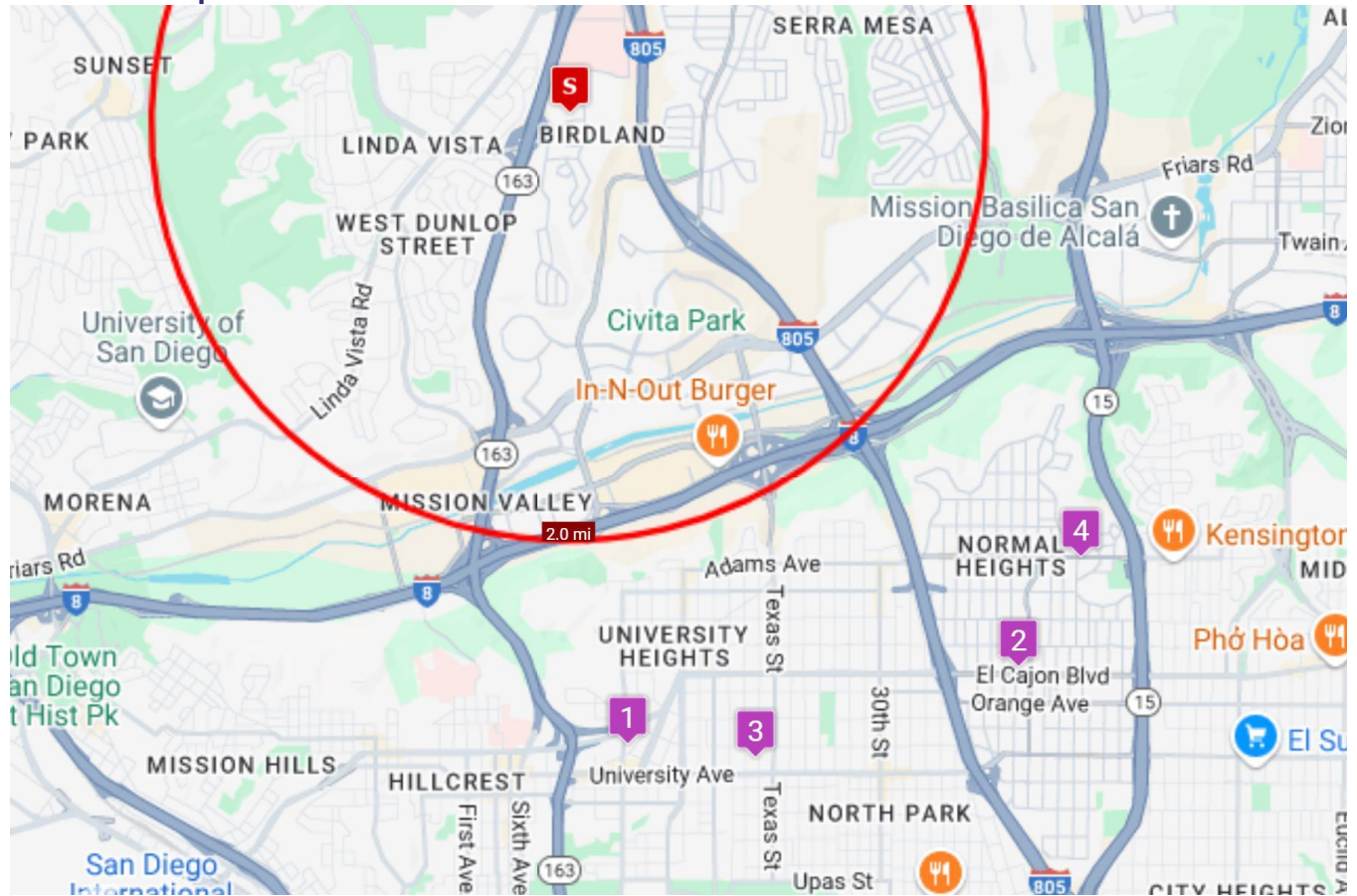
The previous highest and best use analysis concluded multifamily was the most likely type of development. The comparable land sales represent proposed multifamily developments ranging from 24 to 180 units. The following table details the land sale comparables used in our analysis.

COMPARABLE LAND SALES

#	Address	Location	Sale Date	Sale Price	Land Acres	# Units	Price Per Unit
1	3900 Cleveland Avenue	San Diego, CA	2024-11-27	\$10,000,000	0.64	180	\$55,556
2	3450 El Cajon Boulevard	San Diego, CA	2024-06-21	\$1,820,000	0.1	27	\$67,407
3	3946 Louisiana Street	San Diego, CA	2024-06-10	\$1,950,000	0.13	36	\$54,167
4	3659 Adams Avenue	San Diego, CA	2024-06-04	\$1,500,000	0.16	24	\$62,500

Throughout our conversations with market participants and buyers and sellers of the comparable sales, the respondents indicated that the purchase price is typically based upon a price per unit. This is typical of the local multifamily market and will be used as a basis for analysis. A location map is shown following.

Land Sales Map



Google Maps, May 2025

3900 Cleveland Avenue



Transaction

Address	3900 Cleveland Avenue	Sale Date	Nov/2024
City	San Diego	Sale Price	\$10,000,000
State	CA	Sale Status	Closed
Zip	92103	Sale Conditions	None
County	San Diego	Rights Conveyed	Fee Simple
Buyer	Kanso Hillcrest, LP	Verification	CoStar, Broker
Seller	University Christian Church of San Diego, Inc.		

Site

Land Acres	0.64	Topography	Level
Land Sq Ft	27,878	Zoning	RM-4-11
Shape	Rectangular	Corner	False

Improvements and Ratios

Proposed Units	180	Price \$/Proposed Unit	\$55,556
		Price \$/SF	\$358.71

Remarks

This site was purchased to develop a 180-unit multifamily development. The information was verified by the buyer broker and was obtained from CoStar.

3450 El Cajon Blvd



Transaction

Address	3450 El Cajon Boulevard	Sale Date	Jun/2024
City	San Diego	Sale Price	\$1,820,000
State	CA	Sale Status	Closed
Zip	92104	Sale Conditions	Typical
County	San Diego	Rights Conveyed	Fee Simple
Buyer	Elda Developments	Verification	CoStar, Public Records
Seller	Jonathan M Schoen		

Site

Land Acres	0.1	Topography	Level
Land Sq Ft	4,356	Zoning	CU-2-3
Shape	Rectangular	Corner	False

Improvements and Ratios

Proposed Units	27	Price \$/Proposed Unit	\$67,407
		Price \$/SF	\$417.81

Remarks

The site sold with an existing restaurant and parking lot, which totaled approximately 2,093 square foot. Novogradac estimates demolition costs at \$5.00 per square foot. The proposed use is to develop 27 multifamily apartments and one ground floor commercial unit. A construction timeline was not available at the time of this report.

3946 Louisiana Street



Transaction

Address	3946 Louisiana Street	Sale Date	Jun/2024
City	San Diego	Sale Price	\$1,950,000
State	CA	Sale Status	Closed
Zip	92104	Sale Conditions	None
County	San Diego	Rights Conveyed	Fee Simple
Buyer	3946 Louisiana Owner, LP	Verification	CoStar, Buyer
Seller	LFM Investment Group, LLC		

Site

Land Acres	0.13	Topography	Level
Land Sq Ft	5,663	Zoning	R-3
Shape	Rectangular	Corner	False

Improvements and Ratios

Proposed Units	36	Price \$/Proposed Unit	\$54,167
		Price \$/SF	\$344.34

Remarks

The site sold with an existing single-family home, which totaled approximately 1,350 square feet. Novogradac estimates demolition costs at \$5.00 per square foot. The site was purchased for the development of a 36-unit naturally affordable housing development. The development broke ground in Summer 2024. A construction completion date was unavailable.

3659 Adams Avenue



Transaction

Address	3659 Adams Avenue	Sale Date	Jun/2024
City	San Diego	Sale Price	\$1,500,000
State	CA	Sale Status	Closed
Zip	92116	Sale Conditions	Typical
County	San Diego	Rights Conveyed	Fee Simple
Buyer	Jonathan Belloso	Verification	CoStar, Public Records
Seller	Shannon Kelly		

Site

Land Acres	0.16	Topography	Level
Land Sq Ft	6,970	Zoning	C
Shape	Rectangular	Corner	False

Improvements and Ratios

Proposed Units	24	Price \$/Proposed Unit	\$62,500
		Price \$/SF	\$215.21

Remarks

The site sold with a single-family residence, office space, two storage garages, and a billboard. Total existing structures total approximately 2,500 square feet. Novogradac estimates demolition costs at \$5.00 per square foot. The proposed use is to develop 24 multifamily units. A construction timeline was not available at the time of this report.

EXPLANATION OF ADJUSTMENTS

We have analyzed the sales on a per unit basis. In determining which adjustments are appropriate to make to the comparable sales, property rights conveyed, financing terms, conditions of sale, and market conditions are considered first. After these adjustments are made, other criteria, such as location, zoning, topography, shape, and size are taken into consideration.

As illustrated, adjustments have been made based on price differences created by the following factors:

- Property Rights
- Financing
- Conditions of Sale
- Expenditures Immediately After Purchase
- Market Conditions
- Location
- Zoning/Density
- Shape
- Site Characteristics
- Size/Number of Units

Property Rights

All sales were of fee simple interest; therefore no adjustments are necessary.

Financing

The sales were cash (or equivalent) transactions; therefore, no adjustments are necessary.

Conditions of Sale

This adjustment is used if there are any unusual circumstances surrounding the transactions such as foreclosures, bulk sales, related parties, assemblages, etc. All of the comparable sales are considered to be market-oriented, arms-length transactions. Accordingly, no adjustment is necessary.

Post-Sale Expenditures

Sales 2, 3, and 4 were all improved at the time of their sale and required the buyer to demolish the existing improvements. We estimated demolition costs at \$5.00 per square foot based on Marshall and Swift Cost Estimations and appropriate upward adjustments are applied to these sales.

Market Conditions

Real estate values vary over time due to changes in market conditions. The rate of this change fluctuates due to investor's perceptions and responses to prevailing market conditions. This adjustment category reflects market differences occurring between the effective date of the appraisal and the sale date of the comparables, when values have appreciated or depreciated. All of the sales occurred since 2024 during similar market conditions and no adjustments are warranted.

Location

Location encompasses a number of issues, including location within different market areas with different supply/demand pressures, the character/condition of surrounding development, access, and visibility. It is important to assess which factors truly impact value for different types of real estate. We have addressed this issue (as well as the remaining elements of comparison) on a comparable-by-comparable basis. The following table illustrates the median household income, median rent, and median home value of the Subject's neighborhood (measured as the zip code) relative to that of the locations of the sales.

LAND SALES - LOCATION COMPARISON

#	Property Name	City	Zip Code	Walk Score	Median Income	Median Rent	Median Home Value	Income Differential	Rent Differential	Home Value Differential	Average Delta
Subject	Starling Place	San Diego	92123	45	\$89,756	\$2,472	\$821,345	-	-	-	-
1	3900 Cleveland Avenue	San Diego	92103	95	\$104,836	\$2,204	\$1,181,082	-14.4%	12.2%	-30.5%	-10.9%
2	3450 El Cajon Blvd	San Diego	92104	89	\$88,326	\$1,944	\$928,609	1.6%	27.2%	-11.6%	5.7%
3	3946 Louisiana Street	San Diego	92104	91	\$88,326	\$1,944	\$928,609	1.6%	27.2%	-11.6%	5.7%
4	3659 Adams Avenue	San Diego	92116	90	\$97,311	\$1,870	\$1,013,623	-7.8%	32.2%	-19.0%	1.8%

All of the sales are located in the northern portion of San Diego in generally similar locations on balance and no adjustments are required for location.

Zoning

All sales have zoning designations that permit multifamily development, similar to the Subject site. As such, no adjustments are applied for zoning.

Topography

All sales exhibit level topography. Therefore, no adjustments are warranted.

Site Characteristics

All sales all have generally functional shapes and no unusual site characteristics, similar to the Subject site. As such, no adjustments are warranted.

Size (Number of Units)

With respect to size, the general convention is that larger properties tend to sell for less on a per-unit basis than smaller properties. Conversely, smaller properties typically sell for more per unit than larger properties. The pool of potential purchasers decreases as property size (and purchase price) increases, effectively reducing competition. The pricing relationship is not linear and certain property sizes, while different, may not receive differing prices based on the grouping within levels. We previously concluded that the Subject site could support approximately 90 multifamily units. Sale 1 is larger, while the remaining sales are smaller. As such, an upward adjustment of five percent is applied to Sale 1 and downward adjustments of five percent are applied to the remaining sales.

Land Value Estimate

The land sales grid is presented following:

LAND SALES DATA ADJUSTMENT GRID					
Property Name	Subject Starling Place 7798 Starling Drive San Diego	1 3900 Cleveland Avenue San Diego	2 3450 El Cajon Blvd San Diego	3 3946 Louisiana Street San Diego	4 3659 Adams Avenue San Diego
Parcel Data					
Zoning		RM-4-11	CU-2-3	R-3	C
Topography		Level	Level	Level	Level
Shape		Rectangular	Rectangular	Rectangular	Rectangular
Size (SF)	40,946	27,878	4,356	5,663	6,970
Size (Acres)	0.94	0.64	0.10	0.13	0.16
Units	90	180	27	36	24
Units Per Acre	95.7	281.25	270.00	276.92	150.00
Sales Data					
Date		2024-11-27	2024-06-21	2024-06-10	2024-06-04
Interest		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Price		\$10,000,000	\$1,820,000	\$1,950,000	\$1,500,000
Price (Per Unit)		\$55,556	\$67,407	\$54,167	\$62,500
Adjustments					
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		\$0	\$0	\$0	\$0
		\$10,000,000	\$1,820,000	\$1,950,000	\$1,500,000
Financing Terms		None	Typical	None	Typical
Adjustment		\$0	\$0	\$0	\$0
		\$10,000,000	\$1,820,000	\$1,950,000	\$1,500,000
Conditions of Sale		None	Typical	None	Typical
Adjustment		\$0	\$0	\$0	\$0
		\$10,000,000	\$1,820,000	\$1,950,000	\$1,500,000
Expenditures After Purchase		None	Demolition of restaurant	Demolition of existing single- family	Demolition of existing
Adjustment		\$0	\$10,465	\$6,750	\$12,500
		\$10,000,000	\$1,830,465	\$1,956,750	\$1,512,500
Market Conditions		1.0	1.0	1.0	1.0
Adjusted Sales Price		\$10,000,000	\$1,830,465	\$1,956,750	\$1,512,500
Adjusted Price (Per Unit)		\$55,556	\$67,795	\$54,354	\$63,021
Adjustments					
Location		0.0%	0.0%	0.0%	0.0%
Zoning/Use		0.0%	0.0%	0.0%	0.0%
Topography		0.0%	0.0%	0.0%	0.0%
Shape		0.0%	0.0%	0.0%	0.0%
Size		5.0%	-5.0%	-5.0%	-5.0%
Overall Adjustment		5.0%	-5.0%	-5.0%	-5.0%
Adjusted Price (Per Unit)		\$58,333	\$64,405	\$51,636	\$59,870

ADJUSTED SALES (PER UNIT)

Minimum	\$51,636
Maximum	\$64,405
Mean	\$58,561
Median	\$59,102

The sales indicate an adjusted per unit range of \$51,636 to \$64,405, with a mean of \$58,561 and a median of \$59,102 per unit. Overall, we have concluded to \$60,000 per unit for the value of the land 'As Vacant.'

LAND VALUE

Scenario	No. of Units	Value/Unit	Indicated Value (Unrounded)	Indicated Value (Rounded)
Subject	90	\$60,000	\$5,400,000	\$5,400,000

As a result of our analysis, the value of the underlying land as if hypothetically vacant in the fee simple interest as of May 12, 2025 is:

FIVE MILLION FOUR HUNDRED THOUSAND DOLLARS
(\$5,400,000)

Please refer to the complete Assumptions and Limiting Conditions in the Addenda of this report.

VIII. INCOME CAPITALIZATION APPROACH

INCOME CAPITALIZATION APPROACH

Introduction

We were asked to provide an estimate of the as is market value of the fee simple interest in the property.

The Income Capitalization Approach to value is based upon the premise that the value of an income-producing property is largely determined by the ability of the property to produce future economic benefits. The value of such a property to the prudent investor lies in anticipated annual cash flows and an eventual sale of the property. An estimate of the property's market value is derived via the capitalization of these future income streams.

The Subject's as is value was determined via the income capitalization approach.

INCOME ANALYSIS

Potential Gross Income

In order to determine the potential gross income for the Subject, we employed a comparable rent analysis. In our search for properties comparable to the Subject, we concentrated on obtaining information on those projects considered similar to the Subject improvements on the basis of location, size, age, condition, design, quality of construction and overall appeal. In our market analysis we provided the results of our research regarding properties considered generally comparable or similar to the Subject.

The potential gross income of the Subject is the total annual income capable of being generated by all sources, including rental revenue and other income sources. The Subject's potential rental income is based upon the achievable rents as derived in the Supply Section of this report, and is calculated as follows.

POTENTIAL GROSS INCOME (AS IS)						
Unit Type	Type	# Units	Square Feet	Achievable	Monthly	Annual
OBR/1BA	Monthly	9	380	\$1,600	\$14,400	\$172,800
OBR/1BA	Monthly	22	400	\$1,650	\$36,300	\$435,600
1BR/1BA	Monthly	10	450	\$1,950	\$19,500	\$234,000
Total (Monthly)		41			\$20,546	\$842,400
OBR/1BA	Daily	9	380	\$200	\$54,750	\$657,000
OBR/1BA	Daily	25	400	\$240	\$182,500	\$2,190,000
1BR/1BA	Daily	15	450	\$250	\$114,063	\$1,368,750
Total (Daily)		49			\$86,036	\$4,215,750
Total (Overall)		90				\$5,058,150

Vacancy and Collection Loss

As discussed in the supply section of the report, we concluded to vacancy and collection loss of five percent on long-term rental income and 40 percent on short-term rental income.

Other Income

The Subject collects other income for parking, cleaning, laundry, application fees, vending, and utilities. The historical data indicates other income of \$6,863 per unit. The comparable data ranges from \$1,029 to \$3,650. Given the unique structure of the Subject, we have relied on the historical data and concluded to other income of \$6,800 per unit, generally in line with the historical data.

EXPLANATION OF EXPENSES

Typical deductions from the calculated Effective Gross Income fall into three categories on real property: fixed, variable, and non-operating expenses. Historical operating expenses of comparable properties were relied upon in estimating the Subject's operating expenses. The comparable data can be found on the following pages.

It is important to note that the projections of income and expenses are based on the basic assumption that the apartment complex will be managed and staffed by competent personnel and that the property will be professionally advertised and aggressively promoted. Given the nature of the Subject, we used mostly conventional apartments complexes as comparables but we did include one short-term, furnished rental property (comparable 4).

COMPARABLE EXPENSES						
	Subject	Comp 1	Comp 2	Comp 3	Comp 4	
Year Built / Renovated	2022	2006	2014	2010	1991	1987
Structure	Lowrise	Midrise	Garden	Lowrise	Midrise	Midrise
Type	Short/Long-term	Long-term	Long-term	Long-term	Short-term	Long-term
# of Units	90	229	40	25	221	192
Rent Restrictions	Market	Market	Market	Market	Affordable	Market

Operating expense data was collected from five comparable properties located in the area to serve as a comparison for the Subject's 2025 operating budget. We have also analyzed the Subject's 2024 historical operating expenses, which is the only data that was available as of the date of this report.

STARLING PLACE – SAN DIEGO, CA - APPRAISAL

-	NOVOCO		SUBJECT		COMPARABLE		COMPARABLE		COMPARABLE		COMPARABLE		COMPARABLE	
Scenario	As Is		Actuals		Audited		Actuals		Actuals		Actuals		Actuals	
Property	Starling Place		Starling Place		Confidential		Confidential		Confidential		Confidential		Confidential	
Program	Market		Market		Market		Market		Market		Other		Other	
Tenancy	Family		Family		Family		Family		Family		Family		Family	
Statement Type	Pro Forma		Actuals		Audited		Actuals		Actuals		Actuals		Actuals	
Year	-		2024		2024		2023		2023		2023		2023	
City, State	San Diego, CA		San Diego, CA		San Diego, CA		San Diego, CA		San Diego, CA		San Diego, CA		San Diego, CA	
Year Built / Renovated	2022		2022		2006		2014		2010		1991		1987	
Number of Units	90		90		229		40		25		221		192	
INCOME CATEGORY	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
Rental Income (Long-term)	\$842,400	\$9,360	-	-	\$6,861,001	\$29,961	\$1,620,468	\$40,512	\$739,993	\$29,600	\$3,532,304	\$15,983	\$4,431,880	\$23,083
Rental Income (Short-Term)	\$4,215,750	\$46,842	-	-	-	-	-	-	-	-	-	-	-	-
Total Rental Income	\$5,058,150	\$56,202	\$3,521,492	\$39,128	\$6,861,001	\$29,961	\$1,620,468	\$40,512	\$739,993	\$29,600	\$3,532,304	\$15,983	\$4,431,880	\$23,083
Other Income	\$612,000	\$6,800	\$617,700	\$6,863	\$521,233	\$2,276	\$145,980	\$3,650	\$25,726	\$1,029	\$253,145	\$1,145	\$362,546	\$1,888
Vacancy Loss (Long-term)	(\$56,060)	(\$623)	-	-	\$(427,126)	\$(1,865)	-	-	-	-	-	-	\$(377,530)	\$(1,966)
		5.00%				5.79%								7.87%
Vacancy Loss (Short-term)	(\$1,819,580)	(\$20,218)	-	-	-	-	-	-	-	-	-	-	-	-
		40.00%				-								-
SUBTOTAL	\$3,794,510	\$32,760	\$4,139,192	\$45,991	\$6,955,108	\$30,372	\$1,766,448	\$44,161	\$765,719	\$30,629	\$3,785,449	\$17,129	\$4,416,896	\$23,005
EXPENSE CATEGORY														
ADMINISTRATION														
Professional Fees	\$13,500	\$150	\$12,104	\$134	\$8,226	\$36	-	-	-	-	-	-	-	-
Other Administrative	\$20,250	\$225	\$19,113	\$212	\$56,284	\$246	\$17,614	\$440	\$22,656	\$906	\$178,520	\$808	\$435,956	\$2,271
Advertising/Marketing	\$4,500	\$50	\$2,594	\$29	\$28,840	\$126	\$30	\$1	\$465	\$19	\$12,494	\$57	\$54,660	\$285
SUBTOTAL	\$38,250	\$425	\$33,811	\$376	\$93,350	\$408	\$17,644	\$441	\$23,121	\$925	\$191,014	\$864	\$490,616	\$2,555
OPERATING/MAINTENANCE														
Elevator	\$8,100	\$90	-	-	-	-	-	-	-	-	-	-	-	-
Pest Control	\$2,700	\$30	\$2,315	\$26	\$14,804	\$65	-	-	-	-	-	-	-	-
Repairs and Supplies	\$66,600	\$740	\$74,517	\$828	\$120,055	\$524	\$87,766	\$2,194	-	-	-	-	-	-
Painting & Decorating	\$4,500	\$50	-	-	\$38,767	\$169	-	-	-	-	-	-	-	-
Trash Removal	\$13,950	\$155	\$13,803	\$153	\$44,008	\$192	-	-	-	-	-	-	-	-
Security	\$4,050	\$45	\$3,866	\$43	\$288,672	\$1,261	-	-	-	-	-	-	-	-
Pool and Grounds	\$4,500	\$50	\$4,467	\$50	\$18,608	\$81	-	-	-	-	-	-	-	-
Contract	\$900	\$10	\$300	\$3	\$49,592	\$217	\$1,000	\$25	-	-	-	-	-	-
SUBTOTAL	\$105,300	\$1,170	\$99,268	\$1,103	\$574,506	\$2,509	\$88,766	\$2,219	\$131,491	\$5,260	\$408,232	\$1,847	\$168,009	\$875
UTILITIES														
Heating & Fuel	\$36,900	\$410	\$36,695	\$408	\$117	\$1	-	-	-	-	-	-	-	-
Electricity	\$82,350	\$915	\$82,115	\$912	\$105,574	\$461	-	-	-	-	-	-	-	-
Gas	\$13,050	\$145	\$12,759	\$142	\$26,425	\$115	-	-	-	-	-	-	-	-
Water & Sewer	\$24,300	\$270	\$24,059	\$267	\$143,570	\$627	-	-	-	-	-	-	-	-
Other Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SUBTOTAL	\$156,600	\$1,740	\$155,628	\$1,729	\$275,686	\$1,204	\$36,362	\$909	\$22,408	\$896	\$330,936	\$1,497	\$340,446	\$1,773
PAYROLL														
Repair & Maintenance Payroll	-	-	-	-	\$222,686	\$972	-	-	-	-	-	-	-	-
Management Payroll	\$50,000	\$556	\$49,400	\$549	\$181,536	\$793	-	-	-	-	-	-	-	-
Service Coordinator	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff Unit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefits/Taxes	\$8,500	\$94	\$2,431	\$27	\$140,735	\$615	-	-	-	-	-	-	-	-
SUBTOTAL	\$58,500	\$650	\$51,831	\$576	\$544,957	\$2,380	\$15,988	\$400	\$95,375	\$3,815	\$413,772	\$1,872	\$526,409	\$2,742
TAXES/INSURANCE														
Real Estate Taxes	\$459,180	\$5,102	\$129,463	\$1,438	\$748,292	\$3,268	\$291,814	\$7,295	\$71,978	\$2,879	\$16,056	\$73	\$530,020	\$2,761
Direct Assessments/Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	\$31,500	\$350	\$29,049	\$323	\$18,457	\$81	\$32,892	\$822	\$6,405	\$256	\$73,185	\$331	\$258,546	\$1,347
SUBTOTAL	\$490,680	\$4,769	\$158,512	\$1,761	\$766,749	\$3,348	\$324,706	\$8,118	\$78,383	\$3,135	\$89,241	\$404	\$788,566	\$4,107
MANAGEMENT FEE														
	\$113,835	\$1,265	-	-	\$244,580	\$1,068	\$88,322	\$2,208	\$22,971	\$919	\$246,343	\$1,115	\$154,591	\$805
		3.0%				3.52%		5.00%		3.00%		6.51%		3.50%
REPLACEMENT RESERVES	\$27,000	\$300	\$27,000	\$300	\$68,700	\$300	\$12,000	\$300	\$7,500	\$300	\$66,300	\$300	\$57,600	\$300
Total All Expenses	\$990,165	\$11,002	\$526,050	\$5,845	\$2,579,978	\$11,266	\$583,788	\$14,595	\$378,749	\$15,150	\$1,755,783	\$7,945	\$2,547,357	\$13,267
Total Expenses less TUR	\$347,385	\$3,860	\$213,959	\$2,377	\$1,475,850	\$6,445	\$243,612	\$6,090	\$279,363	\$11,175	\$1,332,546	\$6,030	\$1,598,171	\$8,324
NOI	\$2,804,345	\$31,159	\$3,613,142	\$40,146	\$4,375,130	\$19,105	\$1,182,660	\$29,567	\$386,970	\$15,479	\$2,029,666	\$9,184	\$1,869,539	\$9,737

General Administrative and Marketing

The following table details the historical general administrative and marketing expenses at the Subject, in addition to the comparable figures and benchmarks. This category includes all professional fees for items such as legal, accounting, marketing, and office.

Administration										
Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Range (Comparables)			Range (Benchmarks)	
Type	Actuals	Audited	Actuals	Actuals	Actuals	Actuals	Min	Max	Average	Region Unit Count
Year	2024	2024	2023	2023	2023	2023				
Expense	\$376	\$408	\$441	\$925	\$864	\$2,555	\$408	\$2,555	\$1,039	\$926 \$890

The comparables indicate administrative and marketing expenses ranging from \$408 to \$2,555 per unit, with an average of \$1,039. The Subject's historical expenses are below the comparable range. We concluded to an administration expense of \$425 per unit. Our conclusion is below the comparable expense range and above the Subject historicals.

Operating, Repairs and Maintenance

The following table details the historical operating, repairs, and maintenance expenses at the Subject, in addition to the comparable figures and benchmarks. Included in this expense are normal costs of operating a multifamily property including unit turnover, painting/decorating, trash removal, ground expenses, and security costs, as well as normal items of repair and maintenance, cleaning contracts, and pest control.

Operating, Repairs & Maintenance										
Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Range (Comparables)			Range (Benchmarks)	
Type	Actuals	Audited	Actuals	Actuals	Actuals	Actuals	Min	Max	Average	Region Unit Count
Year	2024	2024	2023	2023	2023	2023				
Expense	\$1,103	\$2,509	\$2,219	\$5,260	\$1,847	\$875	\$875	\$5,260	\$2,542	\$1,829 \$1,738

The Subject's historical expense was \$1,103 per unit, which is within and towards the low end of the comparable range, which ranges from \$875 to \$5,260 per unit. We concluded to operating, repairs, and maintenance expense of \$1,170 per unit which is within the comparable range and slightly above the Subject's historicals.

Utilities

The Subject offers wall air conditioning units and electric cooking, heating, and water heating. The long-term tenants are charged \$200 per month on top of rent for utilities, while all utilities are included for the short-term residents. The Subject includes expenses for all utilities and other income for the utility charges to the long-term tenants.

Utility										
Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Range (Comparables)			Range (Benchmarks)	
Type	Actuals	Audited	Actuals	Actuals	Actuals	Actuals	Min	Max	Average	Region Unit Count
Year	2024	2024	2023	2023	2023	2023				
Expense	\$1,729	\$1,204	\$909	\$896	\$1,497	\$1,773	\$896	\$1,773	\$1,256	\$1,496 \$1,289

The comparables indicate total utility expenses ranging from \$896 to \$1,773 per unit, with an average of \$1,256. The Subject's historical utility expense was \$1,729 per unit, which is towards the high end of the comparables and reasonable considering that the landlord pays for all utilities (and account for utility fees for long-term tenants in other income). We concluded to a utility expense of \$1,740 per unit. Our conclusion is within the comparable expense range and slightly above the Subject historicals.

Payroll and Leasing Expenses

The following table details the historical payroll and leasing expenses at the Subject, in addition to the comparable figures and benchmarks. Payroll expenses are directly connected to the administration of the complex, including office, maintenance and management salaries. In addition, employee benefits and employment related taxes are included in the category.

Payroll											
Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Range (Comparables)			Range (Benchmarks)		
Type	Actuals	Audited	Actuals	Actuals	Actuals	Actuals					
Year	2024	2024	2023	2023	2023	2023	Min	Max	Average	Region	Unit Count
Expense	\$576	\$2,380	\$400	\$3,815	\$1,872	\$2,742	\$400	\$3,815	\$2,242	\$1,841	\$1,815

Overall, we typically find that properties the size of the Subject operate with a staff of one part time manager. Benefits for the Subject's employees are estimated at \$2,500 per part-time employee. Payroll taxes are calculated as 12 percent of the salary cost. The comparables indicate total payroll expenses ranging from \$400 to \$3,815 per unit, with an average of \$2,242. The Subject has a low payroll expense of \$576 per unit, which is within and towards the low end of the comparable range. We concluded to a payroll expense of \$650 per unit. Our conclusion is within the comparable expense range and above the Subject historicals.

PAYROLL - UNRESTRICTED

Type	Quantity	Annual Salary	Full Cost
Manager (PT)	1	\$50,000	\$50,000
Subtotal			\$50,000
Payroll taxes at 12.0%			\$6,000
Benefits			\$2,500
Total Payroll			\$58,500
Total Per Unit			\$650

Taxes

Our tax analysis was discussed previously in this report.

Insurance

The following table details the historical insurance expenses at the Subject, in addition to the comparable figures.

Insurance											
Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Range (Comparables)			Range (Benchmarks)		
Type	Actuals	Audited	Actuals	Actuals	Actuals	Actuals					
Year	2024	2024	2023	2023	2023	2023	Min	Max	Average	Region	Unit Count
Expense	\$323	\$81	\$822	\$256	\$331	\$1,347	\$81	\$1,347	\$567	\$529	\$665

The comparables indicate an insurance cost ranging from \$81 to \$1,347 per unit, with an average of \$567. The Subject's insurance expense was \$323 per unit in 2024. We concluded to an insurance cost of \$350 per unit. Our conclusion is within the comparable expense range and slightly above the Subject historicals.

Management Fees

Management fees are typically based on a percent of effective gross rental income, depending upon the size and age of the apartment complex. The following table details the historical management fees at the Subject, in addition to the comparable figures.

Management											
Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Range (Comparables)			Range (Benchmarks)		
Type	Actuals	Audited	Actuals	Actuals	Actuals	Actuals					
Year	2024	2024	2023	2023	2023	2023	Min	Max	Average	Region	Unit Count
Expense	\$0	\$1,068	\$2,208	\$919	\$1,115	\$805	\$805	\$2,208	\$1,223	\$846	\$734

The Subject financials did not include a management fee. Per PwC data, management fees for apartments range from 1.5 to 4.0 percent of EGI with an average of 2.93 percent. For limited-service midscale and economy lodging, management fees range from 2.0 percent to 4.0 percent of EGI with an average of 2.75 percent. The comparables illustrate a range of 3.00 to 6.51 percent of EGI. We concluded to a management fee expense of 3.0 percent.

Replacement Reserves

The reserve for replacement allowance is often considered a hidden expense of ownership not normally seen on an expense statement. Reserves must be set aside for future replacement of items such as the roof, HVAC systems, parking area, appliances and other capital items. It is difficult to ascertain market information for replacement reserves, as it is not a common practice in the marketplace for properties of the Subject's size and investment status. Underwriting requirements for replacement reserve for existing properties typically ranges from \$250 to \$350 per unit per year. New properties typically charge \$200 to \$250 for reserves. We used an expense of \$300 per unit based on the unit mix, tenancy, and condition of the Subject property.

Summary

Operating expenses were estimated based upon the historical expenses, comparable expenses, and the developer's budget. In the following tables, we compared historical operating expenses, budgeted operating expenses, comparables operating expenses, and concluded expenses per unit. We have also illustrated the expenses less taxes, utilities, and reserves.

TOTAL EXPENSES PER UNIT		TOTAL EXPENSES PER UNIT LESS TUR	
Subject Expenses		Subject Expenses	
2024 (Actuals)	\$5,845	2024 (Actuals)	\$2,377
Comparable Properties		Comparable Properties	
Comp 1	\$11,266	Comp 1	\$6,445
Comp 2	\$14,595	Comp 2	\$6,090
Comp 3	\$15,150	Comp 3	\$11,175
Comp 4	\$7,945	Comp 4	\$6,030
Comp 5	\$13,267	Comp 5	\$8,324
Subject Conclusions		Subject Expenses	
As Is	\$11,002	As Is	\$3,860

After excluding taxes, utilities, and reserves, our expense estimate for the Subject is within the comparable range slightly below the comparables less TUR. Our conclusion is above the historical expense at the Subject.

DIRECT CAPITALIZATION

To quantify the income potential of the Subject, a direct capitalization of a stabilized cash flow is employed. In this analytical method, we estimate the present values of future cash flow expectations by applying the appropriate overall capitalization rate to the forecast net operating income. In order to estimate the appropriate capitalization rate, we relied upon several methods, discussed below.

Market Extraction

The following table summarizes the recent improved sales of the most comparable long-term rental (multifamily) properties and short-term rental (hotel/motel) properties that were used in our market extraction analysis:

IMPROVED SALES - MULTIFAMILY

#	Property Name	Location	Program	Sale Date	Sales Price	# Units	Year Built	Year Renovated	Price / Unit	EGIM	Cap Rate
1	2481 Ulric Street	San Diego	Market	Feb-25	\$6,749,000	36	1983	N/A	\$187,472	11.4	4.50%
2	Melrose Canyon Apartments	San Diego	Market	Jan-25	\$16,000,000	52	1970	N/A	\$307,692	16.95	3.30%
3	Bay Ridge Apartments	San Diego	Market	Nov-24	\$25,350,000	70	1986	N/A	\$362,143	15.49	4.25%
4	Market Street Village	San Diego	Market	Nov-24	\$82,200,000	229	2006	N/A	\$358,952	14.86	4.50%
5	Mar At Mesa	San Diego	Market	Aug-24	\$21,500,000	62	1988	2022	\$346,774	10.7	5.20%
Average						90			\$312,607	13.88	4.35%

Given that a portion of the Subject's units are rented on a daily basis, we have also considered the following in order to evaluate the impact of the short-term market rental sales (hotels/motels).

IMPROVED SALES - HOTEL

#	Property Name	Location	Sale Date	Sales Price	# of Rooms	Year Built	Year Renovated	Price / Room	Cap Rate
1	Courtyard San Diego Carlsbad	Carlsbad	Feb-25	\$36,000,000	145	2000	2023	\$248,276	9.44%
2	SpringHill Suites Oceanside Beach	Oceanside	Jun-24	\$43,750,000	149	2014	2021	\$293,624	5.50%
3	The Boardwalk Hotel	San Diego	Dec-23	\$7,700,000	18	1954	2023	\$427,778	8.50%
4	Hotel Zindel	San Diego	May-23	\$5,825,000	24	1910	2023	\$242,708	5.20%
Average					90			\$303,097	7.16%

As indicated in the tables above, the capitalization rates for the long-term (multifamily) rentals range from 3.3 to 5.2 percent with an overall average of 4.35 percent. The short-term rentals (hotels/motels) have higher rates ranging from 5.2 to 9.44 percent with an overall average of 7.16 percent.

The primary factors that influence the selection of an overall rate is the Subject's condition, size, location, and market conditions. In terms of condition, the Subject is slightly superior to all of the long-term rental sales and similar to slightly superior to the short-term rental sales. The Subject offers 90 units, within the overall range of the short and long-term rental sales. The Subject's location is generally similar to long-term sales 1, 2, 3, and 5 and inferior to Sale 4, which is located in downtown San Diego. All of the short-term rental sales offer generally superior locations relative to the Subject. In terms of market conditions, all of the sales sold during relatively similar market conditions.

As supported by the sales, long-term rental properties typically trade at lower capitalization rates due to the lower risk involved with longer leases and less seasonality concerns where short-term rental units often operate with higher vacancy rates and lower asking rates for periods of the year. Based on our income projections, the achievable income attributed to the long-term rental units equates to approximately 28

percent of the overall income and the achievable income attributed to the short-term rental units equates to approximately 72 percent of the total. Assuming an estimated capitalization rate of 5.0 percent for the long-term rental portion weighted at 28 percent and an 8.5 percent capitalization rate for the short-term rental portion weighted at 72 percent, we estimate an appropriate capitalization rate of 7.5 percent for the Subject.

The PwC Real Estate Investor Survey

The *PwC Real Estate Investor Survey* tracks capitalization rates utilized by national investors in commercial and multifamily real estate. The following summarize the information for the national multifamily housing market and the national limited-service midscale and economy lodging market:

PwC REAL ESTATE INVESTOR SURVEY

National Apartment Market

Overall Capitalization Rate

Range:	4.00% - 6.25%
Average:	5.25%

Institutional Grade Investments

Range:	5.50% - 6.00%
Average:	5.75%

Non-Institutional Grade Investments

Range:	5.50% - 6.50%
Average:	6.00%

Source: PwC Real Estate Investor Survey, 1Q 2025

PwC REAL ESTATE INVESTOR SURVEY

National Limited-Service Midscale & Economy Lodging

Overall Capitalization Rate

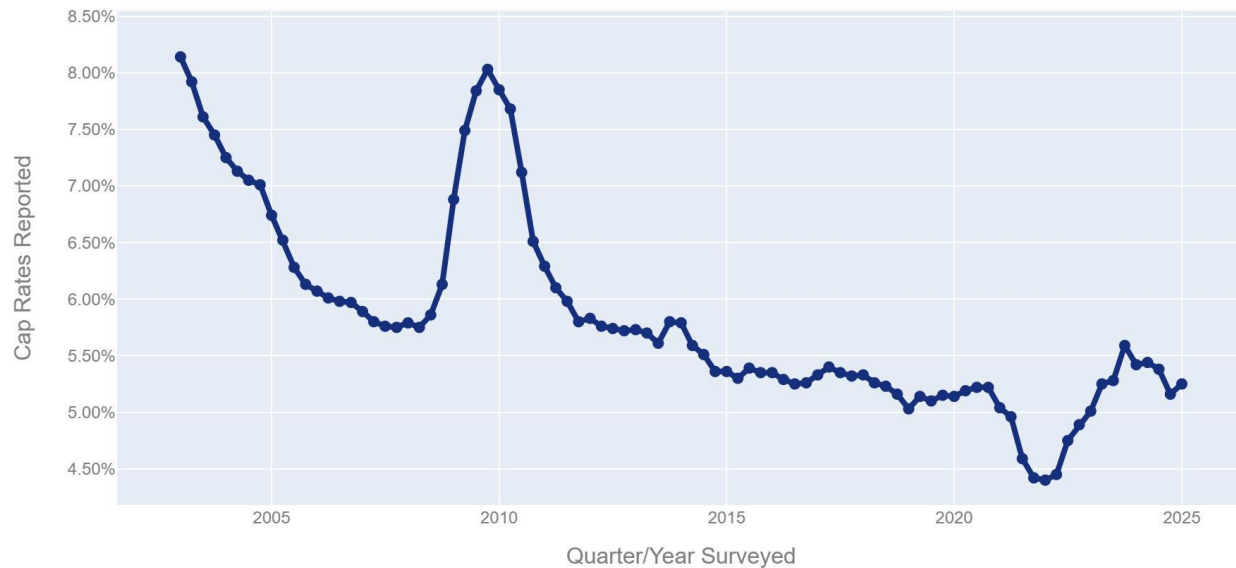
Range:	7.50% - 12.00%
Average:	9.5%

Source: PwC Real Estate Investor Survey, 1Q 2025

The *PwC Real Estate Investor Survey* defines “Institutional – Grade” real estate as real property investments that are sought out by institutional buyers and have the capacity to meet generally prevalent institutional investment criteria¹. Typical “Institutional – Grade” apartment properties are newly constructed, well amenitized, market-rate properties in urban or suburban locations. It should be noted that local market conditions have significant weight when viewing capitalization rates.

¹ PwC Real Estate Investor Survey

PwC Investor Survey



PwC Real Estate Investor Survey - National Apartment Market
Overall Capitalization Rate

Quarter	Cap Rate	Change (pp)	Quarter	Cap Rate	Change (pp)
2Q20	5.19	-	4Q22	4.89	0.14
3Q20	5.22	0.03	1Q23	5.01	0.12
4Q20	5.22	0.00	2Q23	5.25	0.24
1Q21	5.04	-0.18	3Q23	5.28	0.03
2Q21	4.96	-0.08	4Q23	5.59	0.31
3Q21	4.59	-0.37	1Q24	5.42	-0.17
4Q21	4.42	-0.17	2Q24	5.44	0.02
1Q22	4.4	-0.02	3Q24	5.38	-0.06
2Q22	4.45	0.05	4Q24	5.16	-0.22
3Q22	4.75	0.30	1Q25	5.25	0.09

Source: PwC Real Estate Investor Survey, 1Q 2025

As the graph and table indicate, the overall national average multifamily capitalization rate decreased 100 basis points from the second quarter of 2017 to the first quarter of 2022 (5.40 percent to 4.40 percent). Over this period, the rate generally decreased quarter-over-quarter, with a few exceptions. However, the recent increases in interest rates appear to be directly impacting capitalization rates as the overall average national capitalization rate increased 0.43 percentage points since the first quarter of 2023. However, capitalization rates decreased for the first time in two years between fourth quarter 2023 and first quarter 2024, and while the capitalization rates increased slightly in second quarter 2024, they remain below the most recent peak. We have considered the current market conditions and the nature of the Subject as a part long and part short-term rental housing development and we have estimated a capitalization rate of 7.5 percent.

Debt Coverage Ratio

The debt coverage ratio (DCR) is frequently used as a measure of risk by lenders wishing to measure the margin of safety and by purchasers analyzing leveraged property. It can be applied to test the reasonableness of a project in relation to lender loan specifications. Lenders typically use the debt coverage ratio as a quick test to determine project feasibility. The debt coverage ratio has two basic components: the properties net operating income and its annual debt service (represented by the mortgage constant). The ratio used is:

$$\text{Net Operating Income} / \text{Annual Debt Service} = \text{Debt Coverage Ratio}$$

One procedure by which the debt coverage ratio can be used to estimate the overall capitalization rate is by multiplying the debt coverage ratio by the mortgage constant and the lender required loan-to-value ratio. The indicated formula is:

$$RO = D.C.R \times RM \times M$$

Where:

RO = Overall Capitalization Rate

D.C.R = Debt Coverage Ratio

RM = Mortgage Constant

M = Loan-to-Value Ratio

Band of Investment

This method involves deriving the property's equity dividend rate from the improved comparable sales and applying it, at current mortgage rate and terms, to estimate the value of the income stream.

The formula is:

$$RO = M \times RM + (1-M) \times RE$$

Where:

RO = Overall Capitalization Rate

M = Loan-to-Value Ratio

RM = Mortgage Constant

RE = equity Dividend

The equity dividend rate (RE) also known as the cash on cash return rate, is the rate of return that an equity investor expects on an annual basis. It is a component of the overall return requirement. The equity dividend rate is impacted by the returns on other similar investments as well as the risk profile of the investment market and finally the expectation for future value growth. The equity dividend rate is lower in cases where the market is strong and there is a perception of lower risk related to the return of the investment. Further, the dividend rate is lower in markets that have greater expectation for capital appreciation. In some cases we have seen dividend rates that are zero or even negative, suggesting that buyers are willing to forego an annual return because of a larger expectation of capital appreciation. Of course the converse is also true. Generally, we see equity dividend rates ranging from two to 10 percent. We believe an equity dividend estimate of 7.00 percent is considered reasonable in this analysis.

The Mortgage Constant (RM) is based upon the calculated interest rate from the ten year treasury. We have utilized 7.00 percent as our estimate of equity return. The following table summarizes calculations for the two previously discussed methods of capitalization rate derivation. We will utilize a market oriented interest rate of 6.50 percent. Based on our work files, the typical amortization period is 25 to 30 years and the loan to value ratio is 70 to 80 percent with interest rates between 4.50 and 7.00 percent. Therefore, we believe a 6.50 percent interest rate with a 30 year amortization period and a loan to value of 70.00 percent is reasonable. The following table illustrates the band of investment for the Subject property.

CAPITALIZATION RATE DERIVATION

Inputs and Assumptions		Interest Rate Calculations	
DCR	1.2	Treasury Bond Basis	
Rm	0.0758	10 Year T-Bond Rate (May/2025)	4.19%
Interest (per annum)*	6.50%	Interest rate spread	231
Amortization (years)	30.0	Interest Rate (per annum)	6.50%
M	0.7		
Re	7.00%		

Debt Coverage Ratio

$$\begin{array}{ccccccc} R_o & = & DCR & \times & R_m & \times & M \\ 6.37\% & = & 1.2 & \times & 0.0758 & \times & 70.0\% \end{array}$$

Band of Investment

$$\begin{array}{ccccccc} R_o & = & (M & \times & R_m) & + & ((1 - M) & \times & Re) \\ 7.41\% & = & 70.0\% & \times & 0.0758 & + & 30.0\% & \times & 7.00\% \end{array}$$

Source: Bloomberg.com, May 2025

Conclusion of Overall Rate Selection

CAPITALIZATION RATE SELECTION SUMMARY

Method	Indicated Rate
Market Extraction	7.50%
The PWC Investor Survey	7.50%
Debt Coverage Ratio	6.37%
Band of Investment	7.41%

The following issues impact the determination of a capitalization rate for the Subject:

- Current market health
- Existing competition
- Subject's construction type, tenancy and physical appeal
- The demand growth expected over the next three years
- Local market overall rates

The various approaches indicate a range from 6.37 to 7.50 percent. We reconciled to a 7.50 percent capitalization rate based primarily upon the market-extracted rate.

The direct capitalization analysis for the as is scenarios are illustrated following.

DIRECT CAPITALIZATION ANALYSIS

Operating Revenues

			As Is
<u>Apartment Rentals</u>	<u>Unit Mix</u>	<u>Revenue Per Unit</u>	<u>Total Revenue</u>
Potential Rental Income (Monthly Units)	41	\$20,546	\$842,400
Potential Rental Income (Daily Units)	49	\$86,036	\$4,215,750
Potential Rental Income (Total)	90	\$56,202	\$5,058,150
<u>Other Income</u>			
Miscellaneous		\$6,800	\$612,000
Total Potential Revenue		\$472,513	\$5,670,150
<u>Vacancy Loss (Monthly)</u>			
		(\$4,672)	(\$56,060)
Vacancy Percentage (Monthly)			5.00%
<u>Vacancy Loss (Daily)</u>			
		(\$151,632)	(\$1,819,580)
Vacancy Percentage (Daily)			40.00%
<u>Effective Gross Income</u>		<u>\$316,209</u>	<u>\$3,794,510</u>

Operating Expenses

	Per Unit	Total
Administration	\$425	\$38,250
Operating/Maintenance	\$1,170	\$105,300
Utilities	\$1,740	\$156,600
Payroll	\$650	\$58,500
Real Estate Taxes	\$5,102	\$459,180
Insurance	\$350	\$31,500
Management Fee	\$1,265	\$113,835
Replacement Reserves	\$300	\$27,000
Total Operating Expenses	\$11,002	\$990,165
Expenses as ratio of EGI		26.09%

Valuation

	As Is
Net Operating Income	\$31,159 \$2,804,345
Capitalization Rate	7.50%
Indicated Value Rounded	\$415,556 \$37,400,000

Conclusion

The following table summarizes the findings of the previously conducted direct capitalization analysis.

DIRECT CAPITALIZATION ANALYSIS			
Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
As Is	7.50%	\$2,804,345	\$37,400,000

The Subject's fee simple market value as is, as of May 12, 2025, is:

**THIRTY-SEVEN MILLION FOUR HUNDRED THOUSAND DOLLARS
(\$37,400,000)**

Please refer to the complete assumptions and limiting conditions contained in the Addenda of this report.

IV. SALES COMPARISON APPROACH

Sales Comparison Approach

The sales comparison approach to value is a process of comparing market data; that is, the price paid for similar properties, prices asked by owners, and offers made by hypothetical purchasers willing to buy or lease. It should be noted, the sales utilized represent the best sales available. Market data is good evidence of value because it represents the actions of users and investors. The sales comparison approach is based on the principle of substitution, which states that a prudent investor would not pay more to buy or rent a property than it will cost them to buy or rent a comparable substitute. The sales comparison approach recognizes that the typical buyer will compare asking prices and work through the most advantageous deal available. In the sales comparison approach, the appraisers are observers of the buyer's actions. The buyer is comparing those properties that constitute the market for a given type and class.

Given that the Subject operates partially as a long-term rental property and partially as a short-term rental property, we analyzed both long-term rental sales (multifamily) and short-term rental rentals (hotels/motels). We believe the improved sales we have chosen for our analysis represents the typical multifamily market in the Subject's area.

IMPROVED SALES - MULTIFAMILY

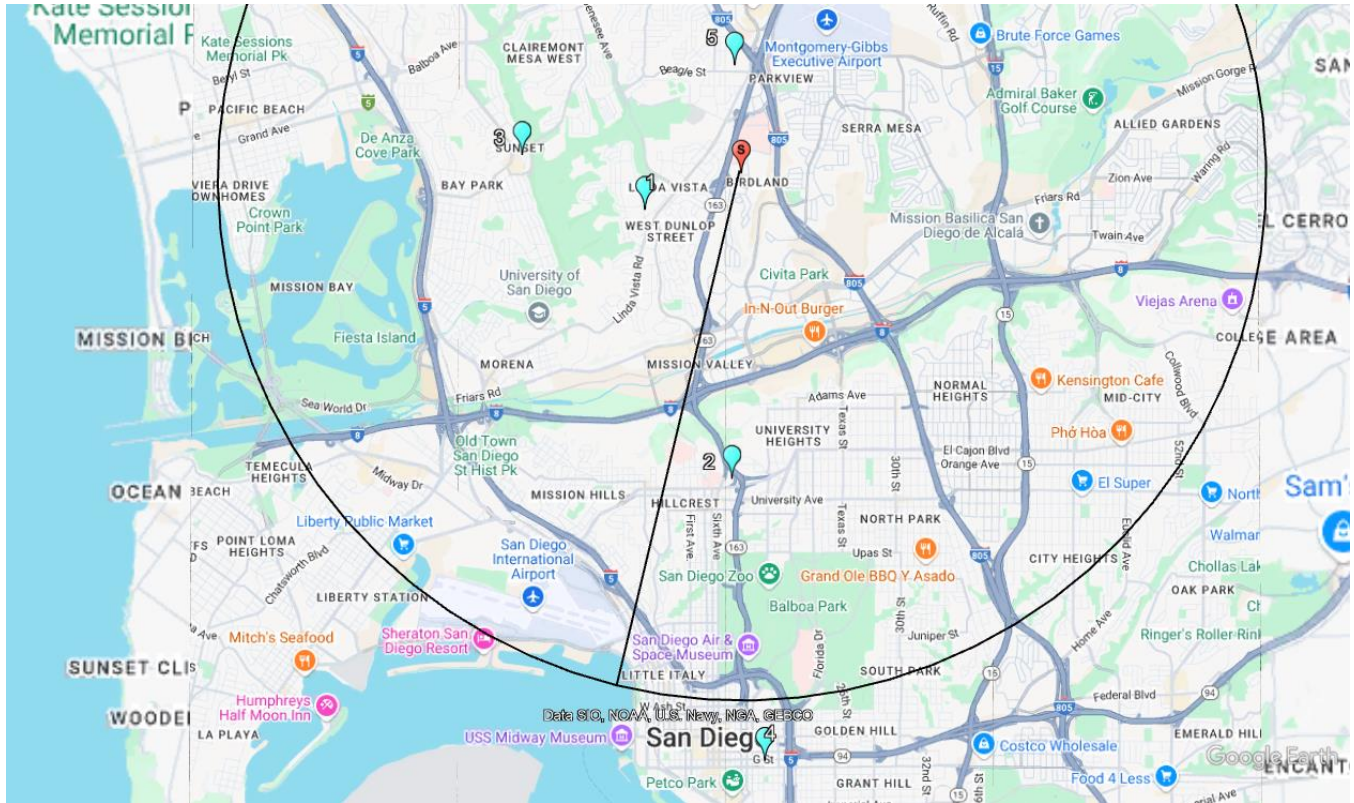
#	Property Name	Location	Program	Sale Date	Sales Price	# Units	Year Built	Year Renovated	Price / Unit	EGIM	Cap Rate
1	2481 Ulric Street	San Diego	Market	Feb-25	\$6,749,000	36	1983	N/A	\$187,472	11.4	4.50%
2	Melrose Canyon Apartments	San Diego	Market	Jan-25	\$16,000,000	52	1970	N/A	\$307,692	16.95	3.30%
3	Bay Ridge Apartments	San Diego	Market	Nov-24	\$25,350,000	70	1986	N/A	\$362,143	15.49	4.25%
4	Market Street Village	San Diego	Market	Nov-24	\$82,200,000	229	2006	N/A	\$358,952	14.86	4.50%
5	Mar At Mesa	San Diego	Market	Aug-24	\$21,500,000	62	1988	2022	\$346,774	10.7	5.20%
Average						90			\$312,607	13.88	4.35%

IMPROVED SALES - HOTEL

#	Property Name	Location	Sale Date	Sales Price	# of Rooms	Year Built	Year Renovated	Price / Room	Cap Rate
1	Courtyard San Diego Carlsbad	Carlsbad	Feb-25	\$36,000,000	145	2000	2023	\$248,276	9.44%
2	SpringHill Suites Oceanside Beach	Oceanside	Jun-24	\$43,750,000	149	2014	2021	\$293,624	5.50%
3	The Boardwalk Hotel	San Diego	Dec-23	\$7,700,000	18	1954	2023	\$427,778	8.50%
4	Hotel Zindel	San Diego	May-23	\$5,825,000	24	1910	2023	\$242,708	5.20%
Average					90			\$303,097	7.16%

The following pages supply the analyzed sale data and will conclude with a value estimate considered reasonable.

Improved Long-term (Multifamily) Sales Map



Source: Google Maps, May 2025

IMPROVED SALES - MULTIFAMILY

#	Property Name	Location	Program	Sale Date	Sales Price	# Units	Year Built	Year Renovated	Price / Unit	EGIM	Cap Rate
1	2481 Ulric Street	San Diego	Market	Feb-25	\$6,749,000	36	1983	N/A	\$187,472	11.4	4.50%
2	Melrose Canyon Apartments	San Diego	Market	Jan-25	\$16,000,000	52	1970	N/A	\$307,692	16.95	3.30%
3	Bay Ridge Apartments	San Diego	Market	Nov-24	\$25,350,000	70	1986	N/A	\$362,143	15.49	4.25%
4	Market Street Village	San Diego	Market	Nov-24	\$82,200,000	229	2006	N/A	\$358,952	14.86	4.50%
5	Mar At Mesa	San Diego	Market	Aug-24	\$21,500,000	62	1988	2022	\$346,774	10.7	5.20%
Average						90			\$312,607	13.88	4.35%

Improved Long-term Sale: 2481 Ulric Street



Transaction

Name	2481 Ulric Street	Sale Date	Feb/2025
Address	2481 Ulric Street	Sale Price	\$6,749,000
City	San Diego	Price Per Unit	\$187,472
State	CA	Sale Status	Closed
Zip	92111	Sale Conditions	Typical
County	San Diego	Financing	Conventional
Buyer	Lauren Nguyen	Verification	CoStar, Broker
Seller	Kurt Romie Taylor		

Site and Improvements

No. of Units	36	Land Acres	0.42
Year Built	1983	Land Sq Ft	18,295
Year Renovated		Structure	Garden

Financial Data

EGI	\$591,965	NOI	\$303,965
Total Expenses	\$288,000	Expense Ratio	48.7%
Expenses / Unit	\$8,000	EGIM (\$)	11.4
Cap Rate	4.50%		

Remarks

The asking price was just over \$7MM and the property was on the market for eight months. The property was 95 percent occupied at the time of the sale. The information was confirmed through via the broker by CoStar. The expenses were estimated by Novogradac.

Improved Long-term Sale: Melrose Canyon Apartments



Transaction

Name	Melrose Canyon Apartments	Sale Date	Jan/2025
Address	4053 8th Ave	Sale Price	\$16,000,000
City	San Diego	Price Per Unit	\$307,692
State	CA	Sale Status	Closed
Zip	92103	Sale Conditions	Typical
County	San Diego	Financing	Conventional
Buyer	Frederick Kleinbub	Verification	CoStar, Broker
Seller	3D Investments		

Site and Improvements

No. of Units	52	Land Acres	0.84
Year Built	1970	Land Sq Ft	36,590
Year Renovated		Structure	Garden

Financial Data

EGI	\$944,000	NOI	\$528,000
Total Expenses	\$416,000	Expense Ratio	44.1%
Expenses / Unit	\$8,000	EGIM (\$)	16.95
Cap Rate	3.30%		

Remarks

This was a value-add sale and the property was 100 percent occupied at the time of the sale. The information in this profile was confirmed by CoStar via the brokers. The expenses were estimated by Novogradac.

Improved Long-term Sale: Bay Ridge Apartments



Transaction

Name	Bay Ridge Apartments	Sale Date	Nov/2024
Address	3010-3020 Cowley Way	Sale Price	\$25,350,000
City	San Diego	Price Per Unit	\$362,143
State	CA	Sale Status	Closed
Zip	92117	Sale Conditions	Typical
County	San Diego	Financing	Conventional
Buyer	Pacifica Companies	Verification	CoStar, Broker
Seller	Christianne Nichols		

Site and Improvements

No. of Units	70	Land Acres	1.46
Year Built	1986	Land Sq Ft	63,598
Year Renovated		Structure	Garden

Financial Data

EGI	\$1,636,750	NOI	\$1,076,750
Total Expenses	\$560,000	Expense Ratio	34.2%
Expenses / Unit	\$8,000	EGIM (\$)	15.49
Cap Rate	4.25%		

Remarks

The property was on the market for three months with an asking price of \$24,750,000 and eventually sold over asking. The information in this profile was obtained through CoStar and confirmed by the broker. Novogradac estimated the expenses.

Improved Long-term Sale: Market Street Village



Transaction

Name	Market Street Village	Sale Date	Nov/2024
Address	699 14th Street	Sale Price	\$82,200,000
City	San Diego	Price Per Unit	\$358,952
State	CA	Sale Status	Closed
Zip	92101	Sale Conditions	Typical
County	San Diego	Financing	Conventional
Buyer	Community Solutions	Verification	CoStar
Seller	Equity Residential		

Site and Improvements

No. of Units	229	Land Acres	1.38
Year Built	2006	Land Sq Ft	60,113
Year Renovated		Structure	Midrise

Financial Data

EGI	\$5,531,000	NOI	\$3,699,000
Total Expenses	\$1,832,000	Expense Ratio	33.1%
Expenses / Unit	\$8,000	EGIM (\$)	14.86
Cap Rate	4.50%		

Remarks

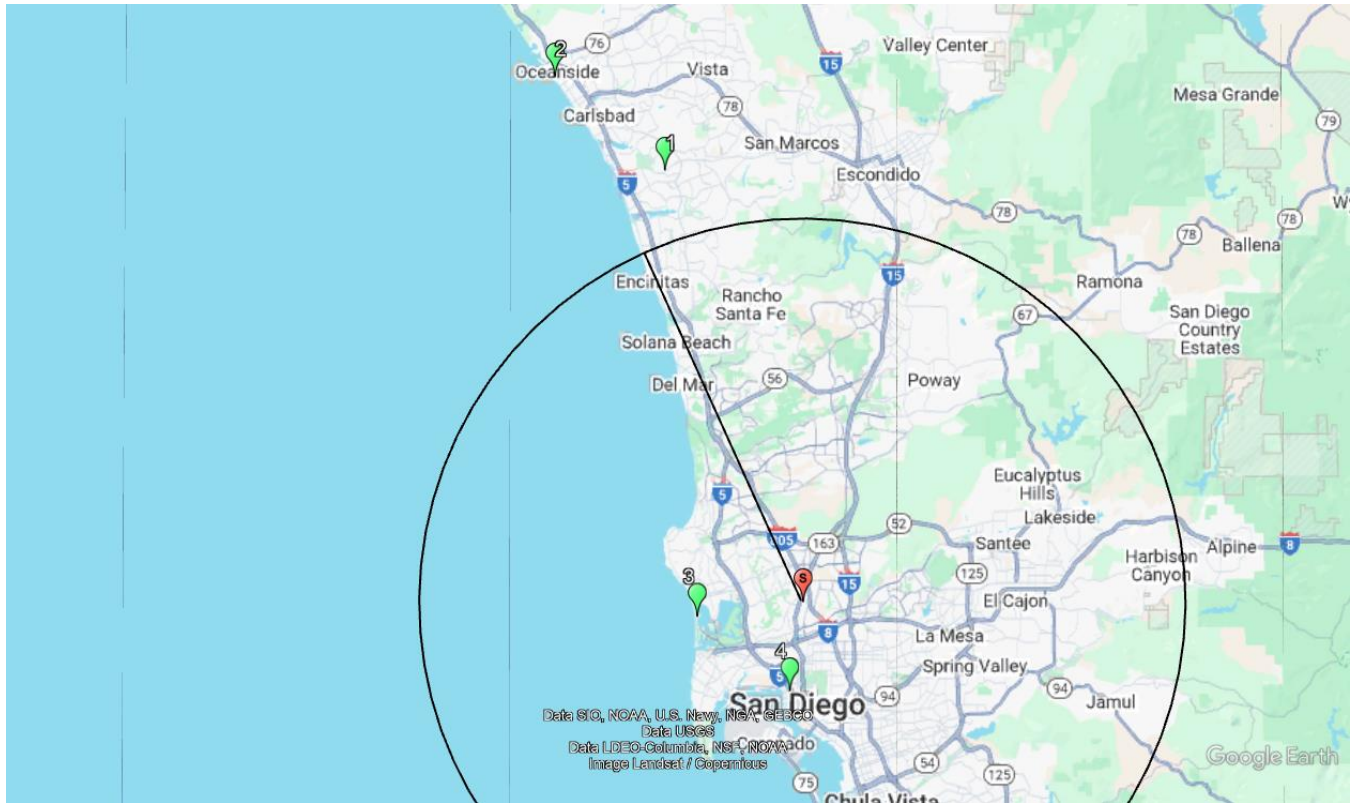
The information in this profile was obtained from CoStar and verified by a party to the transaction. Novogradac estimated expenses.

Improved Long-term Sale: Mar At Mesa



Transaction			
Name	Mar At Mesa	Sale Date	Aug/2024
Address	3502 Angelucci St	Sale Price	\$21,500,000
City	San Diego	Price Per Unit	\$346,774
State	CA	Sale Status	Closed
Zip	92111	Sale Conditions	Typical
County	San Diego	Financing	Conventional
Buyer	F&F Mar at Mesa I, LLC	Verification	CoStar, Public record
Seller	3502 Angelucci Ca Lp		
Site and Improvements			
No. of Units	62	Land Acres	1.65
Year Built	1988	Land Sq Ft	71,874
Year Renovated	2022	Structure	Lowrise
Financial Data			
EGI	\$2,008,800	NOI	\$1,118,000
Total Expenses	\$890,800	Expense Ratio	44.3%
Expenses / Unit	\$14,368	EGIM (\$)	10.7
Cap Rate	5.20%		
Remarks			
This market rate property offers two one-bedroom, 13 two-bedroom/one bathroom, and 47 two-bedroom/two bathroom units. The property was 100 percent occupied at the time of the sale.			

Improved Short-term (Hotel/Motel) Sales Map



Source: Google Maps, May 2025

IMPROVED SALES – HOTEL/MOTEL

#	Property Name	Location	Sale Date	Sales Price	# of Rooms	Year Built	Year Renovated	Price / Room	Cap Rate
1	Courtyard San Diego Carlsbad	Carlsbad	Feb-25	\$36,000,000	145	2000	2023	\$248,276	9.44%
2	SpringHill Suites Oceanside Beach	Oceanside	Jun-24	\$43,750,000	149	2014	2021	\$293,624	5.50%
3	The Boardwalk Hotel	San Diego	Dec-23	\$7,700,000	18	1954	2023	\$427,778	8.50%
4	Hotel Zindel	San Diego	May-23	\$5,825,000	24	1910	2023	\$242,708	5.20%
Average					90			\$303,097	7.16%

Improved Short-Term Sale: Courtyard San Diego Carlsbad



Transaction			
Name	Courtyard San Diego Carlsbad	Sale Date	Feb-25
Address	5835 Owens Ave.	Sale Price	\$36,000,000
City	San Diego	Price Per Room	\$248,276
State	CA	Sale Status	Closed
Zip	92008	Sale Conditions	Typical
County	San Diego	Financing	Conventional
Buyer	Marwaha Group, Inc.	Verification	CoStar
Seller	Hospitality Investors Trust		
Site and Improvements			
No. of Rooms	145	Land Acres	3.93
Year Built	2000	Land Sq Ft	171,191
Year Renovated	2023	Type	Full-service
Financial Data			
EGI	N/Av	NOI	\$3,398,400
Total Expenses	N/Av	Expense Ratio	N/Av
Expenses / Unit	N/Av	EGIM (\$)	N/Av
Cap Rate	9.44%		
Remarks			
The property offers a pool, patio, fitness center, business center, on-site bar and restaurant, and meeting event space. EGI and expenses were not available.			

Improved Short-Term Sale: SpringHill Suites Oceanside Beach



Transaction			
Name	SpringHill Suites Oceanside Beach	Sale Date	Jun-24
Address	110 N Myers Street	Sale Price	\$43,750,000
City	Oceanside	Price Per Room	\$293,624
State	CA	Sale Status	Closed
Zip	92054	Sale Conditions	Typical
County	San Diego	Financing	Conventional
Buyer	Oram Hotels, Inc.	Verification	CoStar, Broker
Seller	GF Properties Group, LLC		
Site and Improvements			
No. of Rooms	149	Land Acres	1.02
Year Built	2014	Land Sq Ft	44,431
Year Renovated	2021	Type	Full-service
Financial Data			
EGI	N/Av	NOI	\$2,406,250
Total Expenses	N/Av	Expense Ratio	N/Av
Expenses / Unit	N/Av	EGIM (\$)	N/Av
Cap Rate	5.50%		
Remarks			
The property offers a pool, rooftop patio, event spaces, beach rentals, and a full bar and restaurant. EGI and expenses were not available.			

Improved Short-Term Sale: The Boardwalk Hotel



Transaction

Name	The Boardwalk Hotel	Sale Date	Dec-23
Address	839 Santa Clara Pl	Sale Price	\$7,700,000
City	San Diego	Price Per Room	\$427,778
State	CA	Sale Status	Closed
Zip	92109	Sale Conditions	Typical
County	San Diego	Financing	Conventional
Buyer	Bronco Surf Capital	Verification	CoStar, Broker
Seller	David A Latham		

Site and Improvements

No. of Rooms	18	Land Acres	0.24
Year Built	1954	Land Sq Ft	10,454
Year Renovated	2023	Type	Limited-service

Financial Data

EGI	N/Av	NOI	\$654,500
Total Expenses	N/Av	Expense Ratio	N/Av
Expenses / Unit	N/Av	EGIM (\$)	N/Av
Cap Rate	8.50%		

Remarks

This hotel was vacant at the time of the sale and the NOI and capitalization rates are pro forma. The buyer planned to renovate the hotel and has since done so. This property offer very limited amenities. EGI and expenses were not available.

Improved Short-Term Sale: Hotel Zindel



Transaction

Name	Hotel Zindel	Sale Date	May-23
Address	505 W Grape Street	Sale Price	\$5,825,000
City	San Diego	Price Per Room	\$242,708
State	CA	Sale Status	Closed
Zip	92101	Sale Conditions	Typical
County	San Diego	Financing	Conventional
Buyer	Somers Capital	Verification	CoStar, Broker
Seller	Hawkins Way Capital		

Site and Improvements

No. of Rooms	24	Land Acres	0.14
Year Built	1910	Land Sq Ft	6,098
Year Renovated	2023	Type	Limited-service

Financial Data

EGI	N/Av	NOI	\$302,900
Total Expenses	N/Av	Expense Ratio	N/Av
Expenses / Unit	N/Av	EGIM (\$)	N/Av
Cap Rate	5.20%		

Remarks

This property offer very limited amenities. EGI and expenses were not available.

SALES PRICE PER UNIT ANALYSIS

We have also illustrated a sales price per unit analysis utilizing an adjustment grid. Throughout our conversations with market participants and buyers and sellers of the comparable sales, the respondents indicated that the purchase price for multifamily developments is typically based upon a price per unit. This convention is typical of the multifamily industry and will be used in our analysis. The unadjusted price ranges from approximately \$187,472 to \$362,143 per unit for the improved long-term sales.

The adjustment grid follows at the end of this section. As illustrated, adjustments have been made based on price differences created by the following factors:

- Financing
- Conditions of Sale
- Expenditures Immediately After Purchase
- Market Conditions
- Location
- Physical Characteristics
- Economic Characteristics
- Use
- Non-realty Components

Financing

The sales were cash or equivalent transactions; therefore, no adjustments are necessary.

Conditions of Sale

This adjustment is used if there are any unusual circumstances surrounding the transactions such as foreclosures, bulk sales, related parties, assemblages, etc. All of the comparable sales are considered to be market-oriented, arms-length transactions. Accordingly, no adjustment is necessary.

Post-Sale Expenditures

None of the comparables required expenditures after the sale; therefore, no adjustment is necessary.

Market Conditions

Real estate values vary over time due to changes in market conditions. The rate of this change fluctuates due to investor's perceptions and responses to prevailing market conditions. This adjustment category reflects market differences occurring between the effective date of the appraisal and the sale date of the comparables, when values have appreciated or depreciated. We have considered the changes in market conditions of comparable properties. The comparable sales transferred between August 2024 and February 2025. Given the most recent trends and forecasts of national capitalization rates, the Subject is considered to offer similar market conditions relative to the sales. No adjustments are warranted.

Location

Location encompasses a number of issues, including location within different market areas with different supply/demand pressures, the character/condition of surrounding development, access, and visibility. It is important to assess which factors truly impact value for different types of real estate. We have addressed this issue (as well as the remaining elements of comparison) on a comparable-by-comparable basis. To evaluate locational differences, we have relied upon differences in median rents and conversations with local brokers and observations made during the field investigation. Provided below is a summary of the quantitative data utilized in our analysis.

IMPROVED SALES - LOCATION COMPARISON

#	Property Name	City	Zip Code	Walk Score	Median Income	Median Rent	Median Home Value	Income Differential	Rent Differential	Home Value Differential	Average Delta
Subject	Starling Place	San Diego	92123	45	\$89,756	\$2,472	\$821,345	-	-	-	-
1	2481 Ulric Street	San Diego	92111	74	\$95,129	\$1,950	\$823,840	-5.6%	26.8%	-0.3%	6.9%
2	Melrose Canyon Apartments	San Diego	92103	93	\$104,836	\$2,204	\$1,181,082	-14.4%	12.2%	-30.5%	-10.9%
3	Bay Ridge Apartments	San Diego	92117	72	\$113,040	\$2,138	\$912,338	-20.6%	15.6%	-10.0%	-5.0%
4	Market Street Village	San Diego	92101	97	\$89,746	\$2,280	\$948,784	0.0%	8.4%	-13.4%	-1.7%
5	Mar At Mesa	San Diego	92111	68	\$95,129	\$1,950	\$823,840	-5.6%	26.8%	-0.3%	6.9%

The Subject is located in the Birdland Neighborhood of northern San Diego. The Subject is located in a mixed-use neighborhood. The Subject's location is designated as "Car Dependent" by WalkScore with a score of 45, indicating most errands require a car.

All of the sale are located in neighborhoods with slightly lower to lower rents, superior walk scores, and similar to higher median income and home values. The sales generally offer slightly inferior locations and upward adjustments of five to 15 percent are applied.

Physical Characteristics

Physical characteristics include building size, quality of construction, architectural style, building materials, age, condition, functional utility, site size, attractiveness, and amenities. The sales were built between 1970 and 2006. The Subject was converted to residential in 2022 and exhibits overall good condition, similar to Sales 4 and 5 and superior to the remaining sales, which received upward adjustments of 15 percent.

Economic Characteristics

Economic characteristics include all the attributes of a property that directly affect its income such as operating expenses, quality of management, tenant mix, rent concessions, lease terms, etc. We analyzed the Subject's and comparable sales NOI per unit in determining an economic characteristics adjustment; however, we recognize that some differences in NOI are attributable to other factors such as location which are already accounted for in other adjustment lines, and have tempered our adjustments given this fact. The Subject has a higher NOI per unit relative to all of the sale and upward adjustments of 10 percent are applied.

Use

All of the properties are proposed for continued residential use; thus, no adjustments were warranted.

Size

With respect to size, the general convention is that larger properties tend to sell for less on a per unit basis than smaller properties. Conversely, smaller properties typically sell for more per unit than larger properties. The pool of potential purchasers decreases as property size (and purchase price) increases, effectively reducing competition. Sales 1, 2, 3, and 5 are generally similar in size than the Subject, while Sale 4 is significantly larger. Given the adjusted sale prices of the comparables, an upward adjustment to Sale 4

appears warranted, while the other properties are generally similar in price and do not appear to warrant adjustments. We applied an upward adjustment of 10 percent to Sale 4.

The sales comparison grid is illustrated following.

IMPROVED SALES DATA ADJUSTMENT GRID						
	Subject	1	2	3	4	5
Property Name	Starling Place	2481 Ulric Street	Melrose Canyon Apartments	Bay Ridge Apartments	Market Street Village	Mar At Mesa
Address	7798 Starling Drive	2481 Ulric Street	4053 8th Ave	3010-3020 Cowley Way	699 14th Street	3502 Angelucci St
City	San Diego	San Diego	San Diego	San Diego	San Diego	San Diego
Property Data						
Structure	Garden	Garden	Garden	Garden	Midrise	Lowrise
Year Built / Reno	2022	1983	1970	1986	2006	1988 / 2022
Units	90	36	52	70	229	62
Price		\$6,749,000	\$16,000,000	\$25,350,000	\$82,200,000	\$21,500,000
Sales Data						
Date		2025-02-27	2025-01-31	2024-11-18	2024-11-14	2024-08-06
Interest		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Price per Unit		\$187,472	\$307,692	\$362,143	\$358,952	\$346,774
Adjustments						
Financing		Conventional	Conventional	Conventional	Conventional	Conventional
Adjustment		\$0	\$0	\$0	\$0	\$0
		\$6,749,000	\$16,000,000	\$25,350,000	\$82,200,000	\$21,500,000
Conditions of Sale		Typical	Typical	Typical	Typical	Typical
Adjustment		\$0	\$0	\$0	\$0	\$0
		\$6,749,000	\$16,000,000	\$25,350,000	\$82,200,000	\$21,500,000
Expenditures After Purchase		None	None	None	None	None
Adjustment		\$0	\$0	\$0	\$0	\$0
		\$6,749,000	\$16,000,000	\$25,350,000	\$82,200,000	\$21,500,000
Market Conditions		1.0	1.0	1.0	1.0	1.0
Adjusted Sales Price		\$6,749,000	\$16,000,000	\$25,350,000	\$82,200,000	\$21,500,000
Adjusted Price / Unit		\$187,472	\$307,692	\$362,143	\$358,952	\$346,774
Adjustments						
Location		25.0%	10.0%	15.0%	10.0%	20.0%
Physical Characteristics		15.0%	15.0%	15.0%	0.0%	0.0%
Economic Characteristics		10.0%	10.0%	10.0%	10.0%	10.0%
Use		0.0%	0.0%	0.0%	0.0%	0.0%
Size		0.0%	0.0%	0.0%	10.0%	0.0%
Non-realty Components		0.0%	0.0%	0.0%	0.0%	0.0%
Overall Adjustment		50.0%	35.0%	40.0%	30.0%	30.0%
Adjusted Price / Unit		\$281,208	\$415,385	\$507,000	\$466,638	\$450,806

ADJUSTED SALES (PRICE PER UNIT)

Minimum	\$281,208
Maximum	\$507,000
Average	\$424,207

The sales indicated an adjusted price per unit range of \$281,208 to \$507,000, with a mean of \$424,207. Overall, we have concluded to a value of \$415,000 per unit.

SALES COMPARISON APPROACH

Scenario	Number of Units	Price Per Unit	Indicated Value (Rounded)
As Is	90	\$415,000	\$37,400,000

Conclusion

The Subject's fee simple market value as is, via the Sales Comparison Approach, as of May 12, 2025, is:

THIRTY-SEVEN MILLION FOUR HUNDRED THOUSAND DOLLARS
(\$37,400,000)

Please refer to the complete assumptions and limiting conditions contained in the Addenda of this report.

X. RECONCILIATION

RECONCILIATION

We were asked to provide an estimate of the Subject's value. We considered the traditional approaches in the estimation of the Subject's value. The resulting value estimates are presented following:

LAND VALUE

Scenario	No. of Units	Value/Unit	Indicated Value (Unrounded)	Indicated Value (Rounded)
Subject	90	\$60,000	\$5,400,000	\$5,400,000

DIRECT CAPITALIZATION ANALYSIS

Scenario	Cap Rate	Net Operating Income	Indicated Value (Rounded)
As Is	7.50%	\$2,804,345	\$37,400,000

SALES COMPARISON APPROACH

Scenario	Number of Units	Price Per Unit	Indicated Value (Rounded)
As Is	90	\$415,000	\$37,400,000

The value indicated by the income capitalization approach is a reflection of a prudent investor's analysis of an income producing property. In this approach, income is analyzed in terms of quantity, quality, and durability. Due to the fact that the Subject is income producing in nature, this approach is the most applicable method of valuing the Subject property. Furthermore, when valuing the intangible items, it is the only method of valuation considered.

The sales comparison approach reflects an estimate of value as indicated by the sales market. In this approach, we searched the local market for transfers of similar type properties. These transfers were analyzed for comparative units of value based upon the most appropriate indices (i.e. \$/Unit, OAR, etc.). Our search revealed several sales over the past two years. While there was substantial information available on each sale, the sales varied in terms of location, quality of income stream, condition, etc. As a result, the appraisers used both an EGIM and a sales price/unit analysis. These analyses provide a good indication of the Subject's market value.

The cost approach is, on occasion, one of the main steps of the appraisal process. The value indicated by this approach is derived by first estimating the value of the land. Next, the replacement cost of the improvements, less depreciation from all causes is added to the land value. In essence, value by this approach consists of land value plus the depreciated value of the improvements. As discussed, this method was not relied upon due to a lack of accurate cost data, the difficulty in estimating accrued depreciation and the fact that most market participants do not place any reliance on this approach for properties of this age. However, we have provided an insurable value.

In the final analysis, the appraisers have considered the influence of the three approaches in relation to one another and in relation to the Subject. The Subject is an income producing property, and a prudent investor would be more interested in the value indication derived using the income approach.

The value of the underlying land as if hypothetically vacant in the fee simple interest as of May 12, 2025 is:

FIVE MILLION FOUR HUNDRED THOUSAND DOLLARS
(\$5,400,000)

The Subject's fee simple market value as is, as of May 12, 2025, is:

THIRTY-SEVEN MILLION FOUR HUNDRED THOUSAND DOLLARS
(\$37,400,000)

Please refer to the complete assumptions and limiting conditions contained in the Addenda of this report.

Reasonable Exposure Time:

Advisory Opinion 35 (AO-35), Appraisal Standards to USPAP notes that reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to precede the effective date of the appraisal.

It is defined as “an opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.” Based on our read of the market, historical information provided by the PwC Investor Survey and recent sales of similar product, an exposure time of nine to 12 months appears reasonable.

Marketing Time Projection

Marketing Time is defined as the period from the date of initial listing to the settlement date. The projected marketing time for the Subject property "As Is" will vary greatly, depending upon the aggressiveness of the marketing agent, the method of marketing, the market that is targeted, interest rates and the availability of credit at the time the property is marketed, the supply and demand of similar properties for sale or having been recently purchased, and the perceived risks at the time it is marketed.

Discussions with area Realtors indicate that a marketing period of nine to twelve months is reasonable for properties such as the Subject. This is supported by data obtained from several of the comparable sales and consistent with information obtained from the PwC Survey. This estimate assumes a strong advertising and marketing program during the marketing period.

**ADDENDUM A - ASSUMPTIONS AND LIMITING CONDITIONS,
CERTIFICATION**

ASSUMPTIONS AND LIMITING CONDITIONS

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the consultant has relied extensively upon such data in the formulation of all analyses.
2. The legal description as supplied by the client is assumed to be correct and the author assumes no responsibility for legal matters, and renders no opinion of property title, which is assumed to be good and merchantable.
3. All encumbrances, including mortgages, liens, leases, and servitudes, were disregarded in this valuation unless specified in the report. It was recognized, however, that the typical purchaser would likely take advantage of the best available financing, and the effects of such financing on property value were considered.
4. All information contained in the report, which others furnished, was assumed to be True, correct, and reliable. A reasonable effort was made to verify such information, but the author assumes no responsibility for its accuracy.
5. The report was made assuming responsible ownership and capable management of the property. The analyses and projections are based on the basic assumption that the development will be managed and staffed by competent personnel and that the property will be professionally advertised and aggressively promoted.
6. The sketches, photographs, and other exhibits in this report are solely for the purpose of assisting the reader in visualizing the property. The author made no property survey, and assumes no liability in connection with such matters. It was also assumed there is no property encroachment or trespass unless noted in the report.
7. The author of this report assumes no responsibility for hidden or unapparent conditions of the property, subsoil or structures, or the correction of any defects now existing or that may develop in the future. Equipment components were assumed in good working condition unless otherwise stated in this report.
8. It is assumed that there are no hidden or unapparent conditions for the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors.
9. The investigation made it reasonable to assume, for report purposes, that no insulation or other product banned by the Consumer Product Safety Commission has been introduced into the Subject premises. Visual inspection by the consultant did not indicate the presence of any hazardous waste. It is suggested the client obtain a professional environmental hazard survey to further define the condition of the Subject soil if they deem necessary.
10. Any distribution of total property value between land and improvements applies only under the existing or specified program of property utilization. Separate valuations for land and buildings must not be used in conjunction with any other appraisal or study and are invalid if so used.
11. A valuation estimate for a property is made as of a certain day. Due to the principles of change and anticipation the value estimate is only valid as of the date of valuation. The real estate market is nonstatic and change and market anticipation is analyzed as of a specific date in time and is only valid as of the specified date.
12. Possession of the report, or a copy thereof, does not carry with it the right of publication, nor may it be reproduced in whole or in part, in any manner, by any person, without the prior written consent of the

author particularly as to value conclusions, the identity of the author or the firm with which he or she is connected. Neither all nor any part of the report, or copy thereof shall be disseminated to the general public by the use of advertising, public relations, news, sales, or other media for public communication without the prior written consent and approval of the consultant. Nor shall the consultant, firm, or professional organizations of which the consultant is a member be identified without written consent of the consultant.

13. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional organization with which the consultant is affiliated.
14. The author of this report is not required to give testimony or attendance in legal or other proceedings relative to this report or to the Subject property Unless satisfactory additional arrangements are made prior to the need for such services.
15. The opinions contained in this report are those of the author and no responsibility is accepted by the author for the results of actions taken by others based on information contained herein.
16. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the Subject property will sell or lease for the indicated amounts.
17. All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
18. It is assumed that all required licenses, permits, covenants or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
19. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and conclusions are contingent upon completion of the improvements in a workmanlike manner and in a reasonable period of time.
20. All general codes, ordinances, regulations or statutes affecting the property have been and will be enforced and the property is not Subject to flood plain or utility restrictions or moratoriums, except as reported to the consultant and contained in this report.
21. The party for whom this report is prepared has reported to the consultant there are no original existing condition or development plans that would Subject this property to the regulations of the Securities and Exchange Commission or similar agencies on the state or local level.
22. Unless stated otherwise, no percolation tests have been performed on this property. In making the appraisal, it has been assumed the property is capable of passing such tests so as to be developable to its highest and best use.
23. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating systems. The consultant does not warrant the condition or adequacy of such systems.
24. No in-depth inspection of existing insulation was made. It is specifically assumed no Urea Formaldehyde Foam Insulation (UFFI), or any other product banned or discouraged by the Consumer Product Safety Commission has been introduced into the property. The consultant reserves the right to review and/or modify this appraisal if said insulation exists on the Subject property.
25. Acceptance of and/or use of this report constitute acceptance of all assumptions and the above conditions. Estimates presented in this report are not valid for syndication purposes.

CERTIFICATION

The undersigned hereby certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are True and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, conclusions, and recommendations;
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
- We have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;
- We have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment;
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results;
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice;
- Austin Perkins and Rebecca Arthur, MAI have inspected the property that is the subject of this report and comparable market data incorporated in this report and are competent to perform such analyses.
- No one provided significant real property appraisal assistance to the persons signing this certification, aside from Lawson Short and Austin Perkins, who have provided significant professional assistance to the appraisers in the form of data collection and analysis and inspection of the property;
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
- As of the date of this report, Rebecca S. Arthur, MAI has completed the requirements of the continuing education program for Designated Members of the Appraisal Institute.



Rebecca S. Arthur, MAI
Certified General Real Estate Appraiser
CA License No.: AG 041010
Expiration Date: June 30, 2026

ADDENDUM B - QUALIFICATIONS OF CONSULTANTS

STATEMENT OF PROFESSIONAL QUALIFICATIONS
REBECCA S. ARTHUR, MAI

I. Education

University of Nebraska, Lincoln, Nebraska
Bachelor of Science in Business Administration – Finance

Appraisal Institute
Designated Member (MAI)

II. Licensing and Professional Affiliation

Member of Kansas Housing Association
Board of Directors; 2017 – Present
Vice President - Board of Directors; 2017 - 2021
Designated Member of the Appraisal Institute (MAI)
Kansas City Chapter of the Appraisal Institute Board of Directors: 2013 – 2014
National Council of Housing Market Analysts (NCHMA) – Member in Good Standing
Member of Texas Association of Affordable Housing Providers
Member of Women's Affordable Housing Network (WAHN)

State of Arkansas Certified General Real Estate Appraiser No. CG2682
State of Arizona Certified General Real Estate Appraiser No. 31992
State of California Certified General Real Estate Appraiser No. AG041010
State of Connecticut Certified General Real Estate Appraiser No. RCG.0001770
State of Delaware Certified General Real Estate Appraiser No. X1-0010790
State of Georgia Certified General Real Estate Appraiser No. CG416465
State of Hawaii Certified General Real Estate Appraiser No. CGA-1047
State of Iowa Certified General Real Estate Appraiser No. CG03200
State of Indiana Certified General Real Estate Appraiser No. CG41300037
State of Kansas Certified General Real Estate Appraiser No. G-2153
State of Louisiana Certified General Real Estate Appraiser No. 4018
State of Massachusetts Certified General Real Estate Appraiser No. 1000327-RA-CG
State of Maryland Certified General Real Estate Appraiser No. 35109
State of Michigan Certified General Real Estate Appraiser No. 1205074011
State of Minnesota Certified General Real Estate Appraiser No. 40219655
State of Missouri Certified General Real Estate Appraiser No. 2004035401
State of New Jersey Certified General Real Estate Appraiser No. 42RG00289900
State of New York Certified General Real Estate Appraiser No. 46000053039
State of North Carolina Certified General Real Estate Appraiser No. A8713
State of Oklahoma Certified General Real Estate Appraiser No. 13563CGA
State of Rhode Island Certified General Real Estate Appraiser No. CGA.0020164
State of South Carolina Certified General Real Estate Appraiser No. 8417
State of Tennessee Certified General Real Estate Appraiser No. 6399
State of Texas Certified General Real Estate Appraiser No. TX-1338818-G
State of Virginia Certified General Real Estate Appraiser No. 4001018566
State of Washington Certified General Real Estate Appraiser No. 23001712

III. Professional Experience

Partner, Novogradac & Company LLP
Principal, Novogradac & Company LLP
Manager, Novogradac & Company LLP
Real Estate Analyst, Novogradac & Company LLP
Corporate Financial Analyst, Deloitte LLP

IV. Professional Training

RAD and HUD related seminars
Various Continuing Education Classes as required by appraisal licensing, ongoing
NCHMA Seminars
Uniform Standards of Professional Appraisal Practice
Forecasting Revenue
Discounted Cash Flow Model
Business Practices and Ethics
Biases in Appraising
HUD MAP Training – Ongoing
The Appraiser as an Expert Witness: Preparation & Testimony
How to Analyze and Value Income Properties
Appraising Apartments – The Basics
HUD MAP Third Party Tune-Up Workshop
HUD MAP Third Party Valuation Training
HUD LEAN Third Party Training
National Uniform Standards of Professional Appraisal Practice
MAI Comprehensive Four Part Exam
Report Writing & Valuation Analysis
Advanced Applications
Highest and Best Use and Market Analysis
HUD MAP – Valuation Advance MAP Training
Advanced Sales Comparison and Cost Approaches
Advanced Income Capitalization
Basic Income Capitalization
Appraisal Procedures
Appraisal Principals

IV. Real Estate Assignments

A representative sample of Valuation or Consulting Engagements includes:

- In general, have managed and conducted numerous market analyses and appraisals for various types of commercial real estate since 2001, with an emphasis on multifamily housing and land.
- Have managed and conducted numerous market and feasibility studies for multifamily housing. Properties types include Section 42 Low Income Housing Tax Credit (LIHTC) Properties, Public Housing for RAD conversion, Section 18 disposition, Section 8, USDA and/or conventional. Local housing authorities, developers, syndicators, HUD and lenders have used these studies to assist in the financial underwriting and design of multifamily properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying, and overall market analysis. The Subjects include both new construction and rehabilitation properties in both rural and metro regions throughout the United States and its territories.
- Have managed and conducted numerous appraisals of multifamily housing. Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered LIHTC and unencumbered values were typically derived. The three traditional approaches to value are developed with special methodologies included to value tax credit equity, below market financing and PILOT agreements.
- Completed numerous appraisals of public housing properties for RAD conversion, Section 18 disposition, and/or LIHTC application of housing authority owned properties.

- Performed market studies and appraisals of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing (MAP) program. These reports meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide for 221(d)(4) and 223(f) programs, as well as the LIHTC PILOT Program.
- Performed numerous market study/appraisals assignments for USDA RD properties in several states in conjunction with acquisition rehabilitation redevelopments. Documents are used by states, FannieMae, USDA, and the developer in the underwriting process. Market studies are compliant to State, FannieMae, and USDA requirements. Appraisals are compliant to FannieMae and USDA HB-1-3560 Chapter 7 and Attachments.
- Completed numerous FannieMae and FreddieMac appraisals of affordable and market rate multi-family properties for DUS Lenders.
- Managed and completed numerous Section 8 Rent Comparability Studies in accordance with HUD's Section 8 Renewal Policy and Chapter 9 for various property owners and local housing authorities.
- Managed and conducted various City and County-wide Housing Needs Assessments in order to determine the characteristics of existing housing, as well as determine the need for additional housing within designated areas.
- Performed numerous valuations of the General and/or Limited Partnership Interest in a real estate transaction, as well as LIHTC Year 15 valuation analysis.
- Performs valuations of solar panels, wind turbines and other renewable energy installations in connection with financing and structuring analyses performed by various clients.

V. Speaking Engagements

A representative sample of industry speaking engagements follows:

- Novogradac & Company LLP: RAD Conferences, LIHTC, Developer and Bond Conferences
- Institute for Professional Education and Development (IPED): LIHTC and Year 15 Seminars
- Institute for Responsible Housing Preservation (IRHP): Annual Meetings
- Western FHA Mortgage Lenders Conference: Annual Meetings
- Midwest FHA Mortgage Lenders Conference: Annual Meetings
- Southwest FHA Mortgage Association Lenders Conference: Annual Meetings
- National Council of Housing Market Analysts (NCHMA): Seminars and Workshops
- National Council of State Housing Agencies: Housing Credit Connect Conferences
- National Leased Housing Association: Annual Meeting
- Nebraska's County Assessors: Annual Meeting
- AHF Live! Affordable Housing Finance Magazine Annual Conference
- Missouri Workforce Housing (MOWHA) Annual Conference
- Ohio Housing Council Symposium
- Kansas Housing Conference
- California Council for Affordable Housing (CCAH) Meetings

VI. Industry Engagements

- Novogradac & Company LLP – Chairperson of Annual RAD Conference
- Novogradac & Company LLP – Chairperson of Annual Affordable Housing LIHTC and Bond Developer and Investor Conference



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Rebecca S. Arthur

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:


“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 041010

Effective Date: July 1, 2024

Date Expires: June 30, 2026


Angela Jemmott, Bureau Chief, BREA

3076498

STATEMENT OF PROFESSIONAL QUALIFICATIONS

LAWSON SHORT

I. EDUCATION

St. Edward's University, Austin, Texas

Bachelor of Arts, English Writing and Rhetoric, 2010

II. PROFESSIONAL EXPERIENCE

Principal – Novogradac & Company LLP, September 2024 to Present

Manager – Novogradac & Company LLP, March 2018 to September 2024

Real Estate Analyst – Novogradac & Company LLP, March 2012 to March 2018

Researcher – Novogradac & Company LLP, March 2011 to March 2012

III. LICENSING AND PROFESSIONAL AFFILIATIONS

State of Texas Certified General Real Estate Appraiser No. 1381458 G

State of Illinois Certified General Real Estate Appraiser No. 553.003065

State of Colorado Certified General Real Estate Appraiser No. CG200004047

National Council of Housing Market Analysts (NCHMA) – Member in Good Standing

IV. PROFESSIONAL TRAINING

Market Disturbances-Appraisals in Atypical Markets and Cycles

2022-2023 7-hour National USPAP Update Course

Supervisor-Trainee Course

Basic Appraisal Principles

Basic Appraisal Procedures

General Appraiser Market Analysis Highest and Best Use Course

Statistics, Modeling, and Finance

General Appraiser Site Valuation and Cost Approach

General Appraiser Sales Comparison Approach

General Appraiser Report Writing and Case Studies

Commercial Appraisal Review

Green Building Concepts

Fair Housing, Bias, Discrimination

Land and Site Evaluation

V. REAL ESTATE ASSIGNMENTS

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, assisted living, large family, and acquisition with rehabilitation.
- Prepared Rent Comparability Studies for expiring Section 8 contracts and USDA contracts for subsidized properties located throughout the United States. Engagements included interviewing potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Performed Rent Comparability Study reviews of various subsidized properties located throughout the United States.
- Prepared various types of appraisals of proposed new construction, rehabilitation, and existing properties. Analysis includes property screenings, valuation analysis, capitalization rate analysis, rent comparability studies, expense comparability analysis, determination of market rents, and general market analysis. Appraisals assisted on have included Freddie Mac, Fannie Mae, HUD Multifamily Accelerated Processing (MAP), and USDA, among others.
- Conducted over 150 site inspections for market studies and appraisals throughout the United States for various reports including proposed new construction and rehabilitation projects.
- Researched and analyzed local and national economy and economic indicators for specific projects throughout the United States. Research included employment industries analysis, employment historical trends and future outlook, and demographic analysis.
- Examined local and national housing market statistical trends and potential outlook in order to determine sufficient demand for specific projects through the United States.
- Prepared Housing Needs Assessments for municipalities across the country in order to determine the needs for additional multifamily housing units.
- Performed valuations of solar panels, wind turbines and other renewable energy installations in connection with financing and structuring analyses performed by various clients.

**ADDENDUM C - SUBJECT PROPERTY AND NEIGHBORHOOD
PHOTOS**

Photographs of Subject Property and Neighborhood:



View of Subject improvements



View of Subject improvements



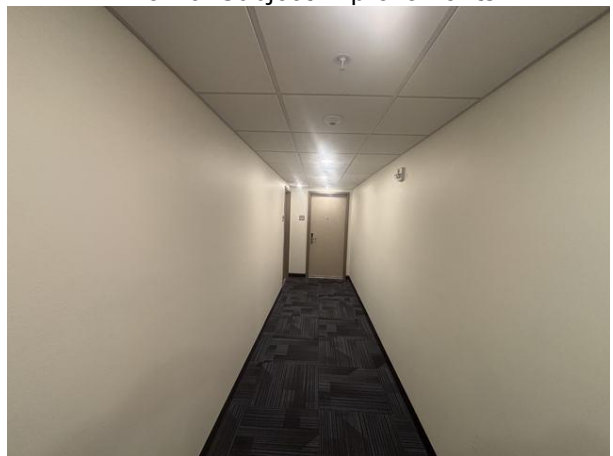
View of Subject improvements



View of Subject improvements



Mailboxes



Interior hallway



Typical studio unit



Typical studio unit



Studio unit kitchen



Studio unit bathroom shower



Studio unit bathroom



One-bedroom living room



One-bedroom dining area



One-bedroom kitchen



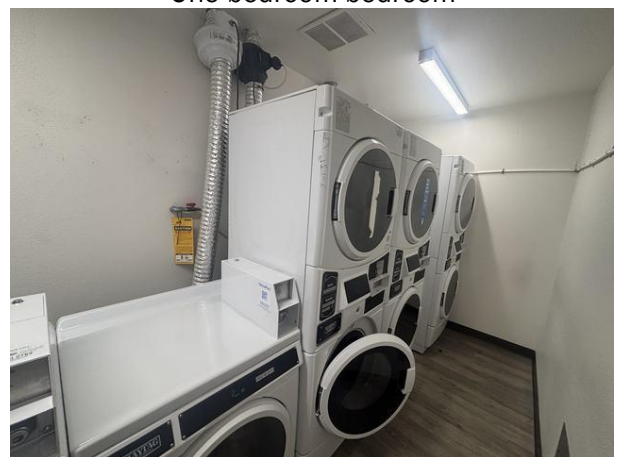
One-bedroom bathroom



One-bedroom bedroom



Elevator



Central laundry area



Street view facing west along Starling Drive



Street view facing east along Starling Drive

ADDENDUM D - RENT ROLL

Rent Roll

Properties: Starling Place - 7798 Starling Drive San Diego, CA 92123

Units: All

As of: 04/28/2025

Unit	BD/BA	Tenant	Sqft	Rent	Deposit	Lease From	Lease To
101	0/1.00	Henry Pisciueneri	380	0.00	0.00	02/07/2025	01/08/2026
102	0/1.00	AirBNB	380				
103	0/1.00	AirBNB	380				
104	0/1.00	Akshit Shah	380	1,200.00	1,200.00	04/01/2025	10/31/2025
105	0/1.00	AirBNB	380				
106	1/1.00	AirBNB	450				
107	0/1.00	Lucas M. Bell	380	1,600.00	1,600.00	03/13/2025	05/31/2025
108	0/1.00	Karen L. Luchner	400	1,700.00	1,700.00	10/22/2024	Month to Month
109	0/1.00	Keshav Anand	380	1,600.00	1,600.00	01/12/2025	08/15/2025
110	0/1.00	AirBNB	400				
111	0/1.00	Kimberlee Hawk	380	1,600.00	1,600.00	03/01/2025	04/30/2025
112	0/1.00	Dale C. Walters	400	1,650.00	1,650.00	08/29/2024	Month to Month
113	0/1.00	AirBNB	380				
114	0/1.00	Roger J. Meyers	400	1,650.00	1,650.00	07/23/2024	Month to Month
115	0/1.00	AirBNB	380				
116	0/1.00	Miles P. Sedlin	400	1,650.00	1,650.00	08/25/2024	05/31/2025
117	0/1.00	AirBNB	380				
118	1/1.00	YOUHAK LEE	450	1,650.00	1,650.00	10/01/2024	Month to Month
119	0/1.00	AirBNB	380				
120	1/1.00	AirBNB	450				
121	0/1.00	Ryan Oettel	380	1,600.00	1,600.00	02/14/2025	Month to Month
122	0/1.00	AirBNB	380				
123	0/1.00	Carolyn M. Marsa	380	1,600.00	1,600.00	12/01/2024	07/31/2025
124	0/1.00	Ali Hosseini	380	1,600.00	1,600.00	03/17/2025	05/31/2025
201	0/1.00	David V. Dedios	380	1,600.00	1,600.00	02/08/2025	03/31/2025
202	0/1.00	Tram B. Dang	400	1,725.00	1,725.00	03/24/2025	09/30/2025
203	0/1.00	AirBNB	400				
204	0/1.00	AirBNB	400				
205	0/1.00	Viswanathan Muruges	400	1,650.00	1,750.00	05/01/2024	Month to Month
206	0/1.00	AirBNB	400				
207	0/1.00	AirBNB	400				
208	0/1.00	AirBNB	400				
209	0/1.00	AirBNB	400				
210	0/1.00	Keita Tominaga	400	1,725.00	1,725.00	11/12/2024	07/31/2025
211	0/1.00	AirBNB	400				
212	0/1.00	Linette Rodriguez	400	1,650.00	1,650.00	09/01/2024	Month to Month
213	0/1.00	Manuel A. Pedroza	400	1,650.00	1,650.00	10/01/2024	Month to Month
214	0/1.00	Matthew G. Holman	400	1,650.00	1,650.00	09/13/2024	03/31/2025
215	0/1.00	Ryan Lai	400	1,650.00	1,750.00	02/17/2024	Month to Month
216	0/1.00	AirBNB	400				
217	0/1.00	AirBNB	400				
218	0/1.00	HannahTeresa D. Garcia	400	1,650.00	1,650.00	07/29/2024	Month to Month
219	0/1.00	AirBNB	400				
220	0/1.00	AirBNB	400				
221	0/1.00	AirBNB	400				
222	0/1.00	Carson G. Abbiate	400	1,650.00	1,650.00	09/30/2024	Month to Month
223	0/1.00	harold hua	400	1,650.00	1,650.00	09/01/2024	06/30/2025
224	0/1.00	AirBNB	400				
225	0/1.00	AirBNB	400				
226	0/1.00	Shikha Mittal	400	1,650.00	1,650.00	09/08/2024	06/30/2025
227	0/1.00	AirBNB	400				
228	0/1.00	AirBNB	400				
229	0/1.00	Han Cui	400	1,650.00	1,750.00	03/19/2024	Month to Month
230	0/1.00	Xiaoli Qu	400	1,650.00	825.00	02/01/2025	Month to Month
231	1/1.00	AirBNB	450				
232	0/1.00	Mary O. Ngelale	400	1,650.00	1,650.00	09/01/2024	01/31/2025
233	1/1.00	Marco A. Mendez De Los Santo	525	1,650.00	1,650.00	09/29/2024	Month to Month
301	0/1.00	Soudabeh Jalali Siahkalroudi	380	1,600.00	1,600.00	08/05/2024	10/05/2024
302	0/1.00	AirBNB	400				
303	0/1.00	John D. Boyle	400	1,725.00	1,725.00	02/04/2025	04/30/2025
304	0/1.00	AirBNB	400				
305	0/1.00	Fernando L. Arnaiz	400	1,650.00	1,650.00	01/01/2025	03/01/2025
306	0/1.00	AirBNB	400				

307	0/1.00	AirBNB	400				
308	0/1.00	Gabriel Ocampo	400	1,650.00	1,650.00	09/10/2024	10/31/2024
309	0/1.00	AirBNB	400				
310	0/1.00	AirBNB	400				
311	0/1.00	AirBNB	400				
312	0/1.00	Katrina P. Kanepe	400	1,650.00	1,650.00	08/10/2024	Month to Month
313	1/1.00	Anthony F. Zakharia	450	1,650.00	1,650.00	04/04/2024	Month to Month
314	1/1.00	AirBNB	450				
315	1/1.00	AirBNB	450				
316	1/1.00	Celica I. Esmeralda	450	1,950.00	1,950.00	04/01/2025	05/31/2025
317	0/1.00	Robert J. Young	400	1,650.00	1,650.00	08/30/2024	Month to Month
318	0/1.00	AirBNB	400				
319	1/1.00	Tiffany C. Der	450	1,900.00	1,950.00	10/11/2024	Month to Month
320	1/1.00	AirBNB	450				
321	1/1.00	Michelle L. Taylor	450	1,900.00	1,900.00	10/27/2024	04/30/2025
322	1/1.00	Matthijs D. Keep	450	1,950.00	1,950.00	04/01/2025	05/31/2025
323	1/1.00	AirBNB	450				
324	1/1.00	AirBNB	450				
325	1/1.00	AirBNB	450				
326	1/1.00	Ruben Leon Wong	450	1,900.00	1,900.00	12/21/2024	06/30/2025
327	1/1.00	AirBNB	450				
328	1/1.00	Andrew L. Hogue	450	1,900.00	1,900.00	10/01/2024	Month to Month
329	1/1.00	AirBNB	450				
330	1/1.00	AirBNB	450				
331	1/1.00	AirBNB	450				
332	1/1.00	AirBNB	450				
333	1/1.00	AirBNB	450				

ADDENDUM E - FINANCIALS

Starling Operations
Profit and Loss
May 1, 2024 to April 30, 2025

	Total
Income	
105 Rent Lease	1,328,980
140 Rent - Airbnb	2,192,512
210 Parking Income	100,800
220 Cleaning Income - Airbnb	292,450
230 Laundry Income	11,851
240 Application Fee Income	7,520
250 Vending Income	27,306
280 Utility Income	177,773
Total Income	4,139,192
Expenses	
200 Payroll	
210 Housekeeping Payroll	
211 Payroll	49,400
212 Payroll Taxes	951
213 Workman Comp	1,480
Total 210 Housekeeping Payroll	51,831
Total 200 Payroll	51,831
300 Supplies	
310 Housekeeping Supplies	
311 Cleaning Supplies	1,641
312 Laundry Supplies	401
315 Guest Room Supplies	480
Total 310 Housekeeping Supplies	2,522
320 Maintenance Supplies	4,887
340 Other Supplies	45
Total 300 Supplies	7,454
400 System Expenses	
430 Sales And Marketing Systems	2,435
431 PHONE SYSTEMS	159
Total 400 System Expenses	2,594
500 Admin Expenses	
510 Transportation Expenses	390
520 Bank Charges	153
530 Other Admin Expenses	1,302
Total 500 Admin Expenses	1,846
600 Fees & Commissions	
621 OTA Commissions	12,104
Total 600 Fees & Commissions	12,104
700 Utilities	
710 Cable/Internet/Phone	36,695
720 Waste Removal	13,803

730 Electricity	82,115
740 Water/Sewer	24,059
750 Gas/Oil	12,759
Total 700 Utilities	169,431
800 Maintenance Expenses	
810 Vendor	
812 Elevator Servicer	7,802
813 Pest Control Service	2,315
813 Furniture Rental	59,261
815 Landscaping Service	4,467
817 Maintenance Contract Services	300
818 Fire And Safety Services	3,866
Total 810 Vendor	78,011
Total 800 Maintenance Expenses	78,011
900 Dues & Subscriptions	
910 Dues And Subscriptions	25
930 Licenses And Permits	900
Total 900 Dues & Subscriptions	925
z1100 Rent, Insurance, Taxes & Interest	
1120 Taxes	
1121 Business Taxes	16,342
1122 Property Taxes	129,463
Total 1120 Taxes	145,805
1130 Insurance	
1131 Liability Insurance	11,158
1133 Other Insurance	17,891
Total 1130 Insurance	29,049
Total z1100 Rent, Insurance, Taxes	174,854
Total Expenses	499,050
Net Operating Income	3,640,142

Monday, May 05, 2025 11:45:32 PM GMT-7 - Accrual Basis

ADDENDUM F - SURVEY/FLOOR PLANS (N/AV)

ADDENDUM G - PURCHASE AND SALE AGREEMENT

PURCHASE AND SALE AGREEMENT
(7798 Starling Drive, San Diego)

THIS PURCHASE AND SALE AGREEMENT (“Agreement”) is dated as of the ___ day of _____, 2025 (“Effective Date”), by and between Tusore Hospitality, Inc., a California corporation (“Seller”), and the San Diego Housing Commission (“Purchaser”).

RECITALS

A. The Seller owns that certain 90-unit hotel generally located at 7798 Starling Drive, San Diego, California 92123 (APN: 427-500-12-00), which is legally described on Exhibit A attached hereto and made a part hereof (“Real Property”).

B. The Purchaser has the power of eminent domain, the Purchaser’s acquisition of the Property falls within the scope of that eminent domain power, and the Purchaser understands that the Seller is agreeing to sell the Property under threat of condemnation referenced in the letter of intent dated March 11, 2025, in lieu of the Purchaser condemning the Property. The Property is being compulsorily or involuntarily converted and Purchaser agrees to reasonably cooperate with the Seller in structuring and documenting the sale of the Property to effect a tax deferred exchange in accordance with the provisions of Section 1033 of the Internal Revenue Code and its corresponding regulations.

C. Provided the various conditions to Closing (as defined below) set forth in this Agreement are timely satisfied, the Seller agrees to sell the Property (as defined below) to the Purchaser and the Purchaser agrees to purchase the Property from the Seller as set forth in this Agreement.

AGREEMENT

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and adequacy of which are acknowledged, the Seller and the Purchaser hereby agree as follows:

1. Purchase and Sale. In consideration of the mutual covenants set forth in this Agreement, the Purchaser will acquire all of the Property, on the terms and conditions set forth herein, provided the various conditions to Closing set forth in this Agreement are satisfied or waived as provided herein.

(a) Sale. The Seller agrees to sell the Property to the Purchaser, and the Purchaser agrees to purchase the Property from Seller, on the terms and conditions set forth herein. At Closing, the Seller shall convey the fee interest in the Real Property to the Purchaser by recordation of the Grant Deed (as defined below). The Escrow Agent shall issue the Title Policy (as defined below) to the Purchaser at Closing.

(b) Possession. The Seller shall deliver possession of the Property to Purchaser at Closing. Possession of the Property shall be delivered to Purchaser subject only to the Property Documents and the Permitted Exceptions.

2. Definitions. As used in this Agreement, the following terms shall have the following meanings:

“Agreement” means this Purchase and Sale Agreement between the Seller and the Purchaser.

“Appurtenant Rights and Interests” means collectively: (i) all rights, privileges and easements appurtenant to the Real Property, including, without limitation, all minerals, oil, gas and other hydrocarbon substances on and under the Real Property, if any; (ii) all development rights, air rights, and water rights relating to the Real Property, if any; and (iii) all easements, rights-of-way or appurtenances which run with the Real Property, if any; and (iv) all of the Seller’s right, title and interest in and to any agreements, maps, permits, certificates, approvals, awards, deposits, licenses, utilities, government entitlements and other rights and privileges relating to or appurtenant to the Property, if any.

“Assignment” means the Assignment of Personal Property and Assignment and Assumption of Contracts duly executed and acknowledged by the Seller and Purchaser, in the form attached hereto as Exhibit B and made a part hereof.

“Business Day” means any day other than a Saturday, Sunday or any other day on which Purchaser or Escrow Agent is not open for business. In the event any date, deadline or due date set forth in this Agreement falls on a day that is not a Business Day, then such deadline or due date shall automatically be extended to the next Business Day.

“Close” or “Closing” means recordation of the Grant Deed.

“Closing Date” means one (1) Business Day after the later of: (i) the date all of the Conditions Precedent for the Benefit of the Seller have been satisfied; and (ii) the date all of the Conditions Precedent for the Benefit of the Purchaser have been satisfied. The Closing shall occur on or before _____, 2026 (*one year from the date hereof*). Notwithstanding the foregoing, if prior to such deadline, the Purchaser provides 1) at least 90 calendar day written notice to the Seller of Purchaser’s intent to extend the closing deadline, 2) a funding award letter issued by HCD, and 3) deposits an additional \$500,000.00 in Escrow (“Extension Deposit”) (collectively, “Extension Requirements”), then the Closing deadline shall be extended to _____, 2026 (*eighteen (18) months from the date hereof*). The aforementioned Extension Deposit shall be credited against the Purchase Price and shall be nonrefundable (i.e., constitute liquidated damages in the event of Purchaser’s breach, as provided in Section 3(b)(2)). The Closing shall occur on or before the Closing Deadline.

“Closing Deadline” means _____, 2026 (*one year from the date hereof*). Notwithstanding the foregoing, if prior to such deadline, the Purchaser satisfies the Extension Requirements as described above, then the Closing Deadline shall be extended to _____, 2026 (*eighteen (18) months from the date hereof*).

“Conditions Precedent for the Benefit of the Seller” shall have the meaning set forth in Section 5 of this Agreement.

“Conditions Precedent for the Benefit of the Purchaser” shall have the meaning set forth in Section 6 of this Agreement.

“Contracts” shall have the meaning set forth in Section 14 of this Agreement.

“Deposit” shall have the meaning set forth in Section 3 of this Agreement.

“Due Diligence Period” means the period of time commencing on the Effective Date and ending at 5:00 p.m. Pacific time on _____, 2025 (*120 days from the date hereof*).

“Escrow” means the escrow depository and disbursement services to be performed by Escrow Agent pursuant to the provisions of this Agreement.

“Escrow Agent” means Chicago Title Company whose mailing address is 2365 Northside Drive, 6th Floor, San Diego, CA 92108, Attention: Renee Marshall, in its capacity as escrow agent. Use of the term “Escrow Agent” does not create a general agency and does not confer on Escrow Agent any right or authority to act for Purchaser or Seller without express instructions, whether as set forth in this Agreement or otherwise.

“Excluded Property” excluding (i) property of guests, (ii) items, equipment, computers, computer software, websites, URLs or information owned by or proprietary to Seller, (iii) Seller’s accounts receivable, (iv) any property that is subject to any of the Contracts or Equipment Leases unless the applicable Contract or Equipment Lease is assumed by Purchaser at Closing, (v) any and all deposits, cash and other accounts owned or held by Seller, and (vi) any property tax refunds for the period prior to the Closing.

“Grant Deed” means a duly executed and acknowledged grant deed conveying fee simple title to the Real Property from the Seller to the Purchaser.

“Hazardous Materials” means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. Provided, however, the term “Hazardous Materials” shall not include substances typically used in the ordinary course of developing, operating and maintaining hotels in California or small amounts of chemicals, cleaning agents and the like commonly employed in routine household uses in a manner typical of occupants in other similar properties, provided that such substances are used in compliance with applicable laws.

“Immediately Available Funds” means a bank wire transfer.

“Improvements” means collectively any and all buildings, structures and improvements, of any kinds whatsoever, located at or affixed to the Real Property.

“Permitted Exceptions” means (i) the printed exceptions and exclusions in the Title Policy; (ii) the exceptions to title set forth in the Title Report which are approved by Purchaser in writing, or deemed approved by Purchaser, as provided in Section 4(d) below; (iii) real property taxes and assessments which are a lien but not yet delinquent; and (iv) any title exceptions caused, consented to or preapproved by Purchaser.

“Personal Property” means all tangible personal property owned by the Seller and located at and used in connection with, the Real Property and the Improvements, including, without limitation and all furniture fixtures and equipment at the Real Property, but specifically excluding the Excluded Property.

“Property” means collectively, the Real Property, the Improvements, the Appurtenant Rights and Interests and the Personal Property, but specifically excluding the Excluded Property.

“Property Documents” means the documents and agreements listed on Exhibit C attached hereto and made a part hereof.

“Purchase Price” shall have the meaning set forth in Section 3(a) of this Agreement.

“Purchaser” means the San Diego Housing Commission, a public agency; provided, however, if the San Diego Housing Commission assigns its interest in this Agreement pursuant to Section 10 of this Agreement, then the term “Purchaser” shall mean such assignee.

“Real Property” is defined in Recital A.

“Seller” means Tusore Hospitality, Inc., a California corporation.

“Title Policy” means a CLTA Owner’s Policy of Title Insurance in the amount of the Purchase Price, insuring that title to the fee interest in the Real Property is vested in the Purchaser, subject only to the Permitted Exceptions, which Title Policy shall be obtained through the Escrow Agent. Seller shall pay the cost of the standard CLTA Owner’s Policy of Title Insurance. Purchaser shall pay the cost of any endorsements or extra coverage it desires. Purchaser may obtain an ALTA Owner’s Policy of Title Insurance in which event Purchaser shall pay the difference between the cost of the ALTA Owner’s Policy of Title Insurance and the cost of a CLTA Owner’s Policy of Title Insurance.

“Title Report” means Preliminary Report Order No. FBSC2502526 dated as of _____, 2025, issued by Chicago Title Insurance Company.

3. Purchase Price.

(a) Purchase Price and Payment of the Purchase Price. The total purchase price to be paid by the Purchaser for all of the Property shall be Thirty-Seven Million Three Hundred Fifty Thousand and No/100 Dollars (\$37,350,000.00) (“Purchase Price”). The Purchase Price shall be paid by the Purchaser to the Seller with Immediately Available Funds.

(b) Deposit; Liquidated Damages.

(1) Deposit. Purchaser shall make an initial deposit into Escrow of Immediately Available Funds equal to the sum of Fifty Thousand and No/100 Dollars (\$50,000.00) within five (5) Business Days of the Effective Date. Upon the expiration of the Due Diligence Period if Purchaser elects to proceed with the purchase of the Property, Purchaser shall make an additional deposit into Escrow of Immediately Available Funds equal to the sum of Four Hundred Fifty Thousand Dollars and No/100 Dollars (\$450,000.00) as an earnest money deposit, for a total deposit of Five Hundred Thousand and No/100 Dollars (\$500,000.00). In the event Purchaser elects to extend the Closing Deadline to _____, 2026 (*one year from the date hereof*) as set forth in the definition of Closing Deadline, above, Purchaser shall make an additional deposit into Escrow of Immediately Available Funds equal to the sum of Five Hundred Thousand and No/100 Dollars (\$500,000.00) as an earnest money deposit, for a total deposit of One Million and No/100 Dollars (\$1,000,000.00). The foregoing deposits shall be referred to individually or collectively as the ("Deposit"). The Deposit shall be credited against the Purchase Price and shall be nonrefundable (i.e., constitute liquidated damages in the event of Purchaser's breach, as provided in Section 3(b)(2)) upon the expiration of the Due Diligence Period. If the Purchaser elects to terminate this Agreement prior to expiration of the Due Diligence Period, as set forth in Section 4 below, then the Deposit shall be immediately returned by Escrow Agent to the Purchaser. At Closing, the Deposit shall be released by Escrow Agent to the Seller and any interest earned on the Deposit, shall be credited in favor of the Seller against the Purchase Price as set forth in Section 3(c), below. Seller understands that Purchaser must receive a series of approvals prior to purchasing the Property (collectively, the "Approvals"): (i) Purchaser's board and (ii) if the Housing Authority of the City of San Diego elects to hear the matter, then also by resolution of the Housing Authority of the City of San Diego, in its sole discretion. The Seller hereby acknowledges that the Purchaser is prohibited by San Diego Municipal Code Section 98.0301(d)(8)(A) from purchasing the Property, without the approval of the Purchaser's board and if the Housing Authority of the City of San Diego elects to hear the matter, then also by the Housing Authority of the City of San Diego. If prior to the expiration of the Due Diligence Period the Approvals are not obtained or Purchaser cannot proceed with the purchase of the Property, this Agreement shall automatically terminate, and any Deposits remitted by Purchaser to Escrow shall be returned by Escrow Agent to the Purchaser without any further instructions or consents from the Seller or Buyer. Notwithstanding anything to the contrary set forth herein, the Deposit and any other deposits made by the Purchaser shall be fully refundable during the Due Diligence Period. After the Due Diligence Period expires, and provided the Approvals have been obtained, the Deposit of \$500,000.00 plus the additional \$500,000.00 deposit for extending the Closing Deadline, if applicable, shall be non-refundable.

(2) Independent Consideration. Notwithstanding any provision to the contrary contained in this Agreement, a portion of the initial Deposit in the amount of One Hundred and No/100 Dollars (\$100.00) (the "Independent Consideration") shall be deposited with Escrow Holder and be non-refundable to Purchaser under any circumstances as independent consideration for the rights extended to Purchaser under this Agreement. The Independent Consideration shall be released to Seller immediately following Purchaser's deposit of the Independent Consideration into Escrow. The Independent Consideration shall be applicable towards the Purchase Price.

(3) LIQUIDATED DAMAGES. THE DEPOSIT SHALL BE REFUNDABLE TO THE PURCHASER AS MAY BE EXPRESSLY PROVIDED FOR IN THIS AGREEMENT. IF ESCROW FAILS TO CLOSE AS A RESULT OF PURCHASER'S DEFAULT HEREUNDER THE SOLE REMEDY OF THE SELLER SHALL BE TO TERMINATE THIS AGREEMENT BY GIVING WRITTEN NOTICE THEREOF TO PURCHASER AND ESCROW AGENT, WHEREUPON THE SELLER SHALL RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES (AND THE SELLER WAIVES ANY RIGHT TO SPECIFICALLY ENFORCE THIS AGREEMENT SET FORTH IN CALIFORNIA CIVIL CODE SECTION 1680 OR 3389). THEREAFTER, NO PARTY HERETO SHALL HAVE ANY FURTHER LIABILITY OR OBLIGATION TO ANY OTHER PARTY HERETO EXCEPT FOR: (i) THE SELLER'S RIGHT TO RECEIVE AND RETAIN SUCH LIQUIDATED DAMAGES; (ii) THE OBLIGATION OF THE PARTIES TO PAY AMOUNTS INTO ESCROW TO PAY A PORTION OF THE FEES AND COSTS OF ESCROW AS SET FORTH IN SECTIONS 5 AND 6 BELOW; (iii) THE OBLIGATIONS SET FORTH IN SECTIONS 4(a) AND 9, BELOW; AND (iv) ATTORNEYS' FEE AS SET FORTH IN SECTION 15(k), BELOW. THE PARTIES HERETO ACKNOWLEDGE AND AGREE THAT THE SELLER'S ACTUAL DAMAGES IN THE EVENT OF PURCHASER'S DEFAULT HEREUNDER ARE UNCERTAIN IN AMOUNT AND DIFFICULT TO ASCERTAIN, AND THAT SUCH AMOUNT OF LIQUIDATED DAMAGES IS REASONABLE UNDER THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ., CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE DATE HEREOF INCLUDING, WITHOUT LIMITATION, THE RELATIONSHIP OF SUCH AMOUNT TO THE RANGE OF POTENTIAL HARM TO THE SELLER THAT CAN REASONABLY BE ANTICIPATED AND THE ANTICIPATION THAT PROOF OF ACTUAL DAMAGES RESULTING FROM SUCH DEFAULT WOULD BE COSTLY AND INCONVENIENT. IN PLACING ITS INITIALS IN THE SPACE BELOW, EACH PARTY HERETO SPECIFICALLY CONFIRMS THE ACCURACY OF THE FOREGOING AND THE FACT THAT SUCH PARTY HAS BEEN REPRESENTED BY COUNSEL WHO EXPLAINED THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION. THE PROVISIONS OF THIS SECTION 3(b)(3) SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

Seller's Initials

Purchaser's Initials

(c) Delivery of Remainder of Purchase Price into Escrow. Not less than one (1) Business Day prior to the Closing Date, the Purchaser shall cause Immediately Available Funds to be delivered to the Escrow Agent in an amount equal to the Purchase Price, minus the Deposit, and plus or minus any adjustments for prorations and expenses required under this Agreement.

(d) Disbursement to the Seller. Immediately after the Closing, the Escrow Agent shall disburse to the Seller the funds that the Seller is entitled to receive under this Agreement.

4. Due Diligence Period. During the Due Diligence Period the Purchaser may determine in the Purchaser's sole and absolute discretion, whether to proceed with the purchase of the Property. During the Due Diligence Period, the Purchaser may terminate this Agreement for any reason or for no reason at all by delivering written notice of such termination to Seller and Escrow Agent.

After expiration of the Due Diligence Period, the Purchaser's right to terminate this Agreement for any reason, or for no reason at all, shall expire and the Deposit shall become nonrefundable. If this Agreement is terminated during the Due Diligence Period, then: (i) all rights and liabilities of the Purchaser and the Seller with respect to this Agreement shall immediately terminate, except for rights and liabilities that specifically survive such termination; (ii) Escrow Agent shall return to the Purchaser all funds or other things deposited in Escrow by the Purchaser, less any fees and costs charged by the Escrow Agent; and (iii) Escrow Agent shall return to the Seller all funds or other things deposited in Escrow by the Seller.

(a) Access and Cooperation. During the Due Diligence Period, the Purchaser and its representatives, consultants and attorneys shall have access to the Real Property and the Improvements, subject to the rights of occupants and subject to scheduling an appointment with Seller, which shall not be unreasonably delayed, withheld or rejected. Purchaser and Seller shall cooperate in order to allow for and ensure the minimum disturbance to occupants. All inspections shall be consistent with all applicable laws, rules and regulations regarding coronavirus risks, including, without limitation, social distancing, the maximum number of Purchaser representatives in any unit at any time, the wearing of face masks and the appropriate evaluation of the health of those conducting inspections. Seller shall make commercially reasonable efforts to provide Purchaser with access to all units subject to the consent of each occupant and the compliance by Purchaser and its representatives of all laws, rules and regulations regarding coronavirus risks, however Seller's inability to provide such access shall not be a default hereunder and shall not provide Purchaser with additional rights not otherwise expressed in this Agreement. Purchaser shall indemnify and defend the Seller, and shall hold the Seller, the Seller's agents and employees and the Real Property harmless from, any actions, losses, costs, damages, claims and/or liabilities, including but not limited to, mechanics' and materialmen's liens and attorney fees, proximately caused by the actions of Purchaser and/or its contractors or agents (including Purchaser's Consultants) upon the Property. The Purchaser shall not permit any mechanic's, materialman's, contractor's, subcontractor's or other lien arising from any work done by the Purchaser or its agents pursuant to this Agreement to stand against the Property. If any such lien shall be filed against the Property, the Purchaser shall cause the same to be discharged or bonded by payment, deposit, bond or otherwise within fifteen (15) days after actual notice of such filing. The Purchaser's obligations under this Section 4(a) shall survive the termination or expiration of this Agreement. If Purchaser desires to do any invasive testing at the Property, the Purchaser may do so only after obtaining Seller's prior written consent to the same, which consent may be withheld or granted on conditions in Seller's sole discretion. Within 48 hours of any damage created by Purchaser's tests or inspections, Purchaser shall endeavor to restore the Property to the condition the Property was in immediately prior to any tests or inspections conducted pursuant to this Section 4(a), at the Purchaser's sole cost and expense. The Purchaser shall provide the Seller with a complete set of plans, drawings and specifications ("Invasive Testing Plans") that define to the sole satisfaction of the Seller the invasive testing to be performed on the Property and the names of all environmental and other consultants, contractors and subcontractors who will be performing such invasive testing (collectively "Purchaser's Consultants"). The Purchaser shall deliver the names of the Purchaser's Consultants and the Invasive Testing Plans to the Seller concurrently with its request to the Seller that the Purchaser desires to perform invasive testing (unless the names of Purchaser's Consultants have previously been provided to the Seller). Before any of Purchaser's Consultants or other contractors, consultants or agents acting for or on behalf of Purchaser enter onto the Property,

Purchaser shall furnish to Seller evidence that the Purchaser's Consultant or other contractor, consultant or agent of Purchaser has procured commercial general liability insurance from an insurer authorized to do business in the State of California, which is reasonably acceptable to Seller, insuring against claims for bodily injury, death or damage to property in a single limit amount of not less than \$1,000,000.00, endorsed to name Seller as an additional insured.

(b) Due Diligence Deliveries. Not later than five (5) Business Days after execution and delivery of this Agreement to the Escrow Agent, the Seller shall provide, to the extent in Seller's possession or control, the Purchaser with physical copies or digital copies (e.g. a pdf, tif or jpg file) of all documents evidencing Property Documents by physical delivery, "dropbox" or similar on-line data site, email or on a memory medium. If this Agreement is terminated before Closing, the Purchaser shall return all copies to the Seller; however, if any such information was delivered or made available to the Purchaser in electronic form, the Purchaser shall (i) delete all copies thereof so that the same cannot be retrieved; and (ii) certify to the Seller in writing under penalty of perjury that such deletion has been effected.

(c) Occupant Noticing and Relocation Costs. Certain State and Federal relocation laws may be applicable to the Purchaser, as a public agency, which would require the Purchaser to provide certain notices to the occupants of the Property. Within five (30) calendar days prior to the Closing Date, the Seller shall provide the names and addresses of all occupants of the Property, if any, to the Purchaser. The Seller agrees to allow the Purchaser to provide any and all notices to occupants of the Property that are required in order for the Purchaser to comply with any applicable laws; provided, however, prior to delivering notices to any occupants of the Property, the Purchaser shall submit a sample of the notice to the Seller for the Seller's review and written approval, which approval shall not be unreasonably withheld, conditioned or delayed. Purchaser shall bear all responsibility for complying with such notice requirements and shall bear all relocation costs and expenses payable to occupants under applicable laws.

(d) Title. Purchaser's obligation to Close is contingent upon Purchaser's approval of all matters affecting title to or use of the Real Property (collectively, "Title Matters"). The intent of this Section 4(d) is to allow the parties to have certainty regarding the condition of title and the Title Matters which are acceptable to the Purchaser. The procedure set forth in this Section 4(d) shall not affect or otherwise limit the Purchaser's right to terminate this Agreement for any reason or no reason at all as set forth in Section 4, above. Purchaser shall have until the Due Diligence Period expires to approve or object to any items disclosed by the Title Report. If Purchaser does not give written notice to Seller of Purchaser's approval or disapproval of any items disclosed by the Title Report within said time period, then Purchaser shall be deemed to have disapproved the items disclosed by the Title Report. If Purchaser gives written notice to Seller of Purchaser's disapproval of any items disclosed by the Title Report within said time period and Seller does not give written notice to Purchaser within ten (10) business days thereafter of either: (i) Seller's elimination of or agreement to eliminate those disapproved matters prior to the Closing; or (ii) Seller's agreement to provide at Seller's sole expense such title insurance endorsements relating thereto as are acceptable to Purchaser in Purchaser's sole discretion prior to the Closing (each, a "Cure Notice"), then this Agreement shall terminate immediately, unless Purchaser affirmatively agrees in writing within five (5) calendar days thereafter that this Agreement will remain in full force and effect and that the previously disapproved items disclosed by the Title Report shall be

deemed approved by Purchaser. If Title Company issues a supplemental title report prior to the Closing showing additional exceptions to title (a "Title Supplement"), Purchaser shall have five (5) Business Days from the date of receipt of the Title Supplement and a copy of each document referred to in the Title Supplement in which to give Seller written notice of disapproval as to any additional exceptions; provided, however, Purchaser may not disapprove any exceptions that were contained in the original Title Report or are otherwise Permitted Exceptions. Purchaser's failure to deliver any such written notice of disapproval within such five (5) Business Day period shall be deemed to mean that Purchaser has approved all such additional exceptions. If Purchaser disapproves any additional exception shown in the Title Supplement, then Purchaser and Seller will have the same rights and obligations set forth above in this Section regarding Purchaser's original review and approval of the Title Report. Notwithstanding the foregoing, Seller shall cause all Title Matters which are mechanics' liens or deeds of trust to be eliminated as exceptions to title on the Title Policy at Seller's sole expense prior to the Closing, and shall not record any documents against the Real Property from and after the Effective Date without Purchaser's prior written consent.

(e) Entitlements and Financing. Unless and until this Agreement is terminated as provided herein or until the Closing, Purchaser shall have the right: (a) to seek and process all applications, plans (including, without limitation, improvement, site and specific plans), drawings, specifications, permits (including, without limitation, environmental permits), licenses, maps, zoning changes, amendments (including, without limitation, general plan amendments), entitlements, approvals, agreements, documents and other instruments, and any modifications or changes thereto, that Purchaser deems necessary or appropriate (collectively, the "Entitlements") from the City of San Diego, County of San Diego and any other governmental or quasi-governmental entities or agencies (collectively, the "Governmental Authorities") for the design, development, construction, use and operation of the Property as intended by Purchaser, and (b) to obtain commitments satisfactory to Purchaser to finance the acquisition of the Property and to finance the design, development, construction, use and operation of the Property as intended by Purchaser, including, without limitation, the receipt by Purchaser of an acceptable funding award letter issued by HCD under its Homekey+ Program in response to Purchaser's application therefor. Purchaser's right to process and obtain the Entitlements under this Section shall include, without limitation, the right to (x) meet with the Governmental Authorities, (y) negotiate any and all applicable fees, including, without limitation, impact fees, engineering fees and plan check fees in connection, and (z) submit to the Governmental Authorities for approval architectural and other plans. Seller agrees to allow Purchaser access to the Property and reasonably cooperate with Purchaser, at no cost or liability to Seller, in connection with its processing of the Entitlements. Following any request from Purchaser, Seller agrees, at no cost or liability to Seller, to promptly execute any applications, letters, documents and/or maps required or requested by any of the Governmental Authorities and/or the adjoining real property owners to allow Purchaser to process the Entitlements. Purchaser shall bear all costs, expenses and liability related to the preparation and processing of the Entitlements and any related applications, reports, plans, maps, letters and other documents. No Entitlements or other agreements with the Governmental Authorities and/or adjoining property owners shall bind the Property prior to the Closing or cause any liability to Seller. Seller acknowledges that Purchaser makes no representations, warranties or guaranties as to whether the Entitlements will be pursued or obtained, as to the actual timing for receipt of any Entitlements, or with respect to the conditions imposed upon the Entitlements, or with respect to

challenges or opposition Purchaser may encounter related to its proposed use of the Property. In the event this Agreement is terminated for any reason, Purchaser shall have no obligation whatsoever to continue to process any Entitlements; however, Purchaser shall ensure that any pending Entitlements are extinguished.

5. Conditions Precedent for the Benefit of the Seller. The Seller's obligation to Close shall be conditioned upon the satisfaction or emailed or written waiver by the Seller of all of the conditions precedent ("Conditions Precedent for the Benefit of the Seller") set forth in this Section 5. Any of the Conditions Precedent for the Benefit of the Seller may be waived by the Seller unilaterally; and if so waived, such conditions shall be of no further effect hereunder. Any such waiver shall be effective only if the same is expressly waived (i) by email from the Seller to the Purchaser and Escrow Agent; or (ii) in a writing signed by the Seller and delivered to the Purchaser and Escrow Agent. If the Conditions Precedent for the Benefit of the Seller are not satisfied by the deadlines set forth in this Section 5 or expressly waived, the Seller (provided the Seller is not in default hereunder) may provide emailed or written notice of the Seller's conditional termination of this Agreement to the Purchaser and Escrow Agent. After receipt of such notice of conditional termination, the Purchaser shall have ten (10) Business Days to cure any non-satisfaction of a condition or other default specified in the notice of conditional termination. If such matter remains unsatisfied or the default remains uncured after the expiration of such ten (10) Business Day period, then this Agreement shall terminate at the close of business on such tenth (10th) Business Day. In the event of termination of this Agreement (and by operation of law the Escrow) pursuant to this Section 5, then: (x) as set forth in the liquidated damages provision of Section 3(b)(2), above, all rights and liabilities of the Purchaser and the Seller with respect to this Agreement shall immediately terminate except those which specifically survive such termination; (y) Escrow Agent shall deliver the Deposit and all interest thereon to the Seller and shall return to the Seller all funds or other things deposited in Escrow by the Seller; and (z) Escrow Agent shall return to the Purchaser all funds or other things deposited in Escrow by the Purchaser, less the Deposit and all interest thereon, and less all fees and costs charged by the Escrow Agent. Notwithstanding the preceding clause (x) of this Section 5, in the event of termination of this Agreement pursuant to this Section 5, the Seller and the Purchaser shall cooperate with one another, execute all documents reasonably necessary and take all reasonable steps as may be required by Escrow Agent in order to accomplish the purposes of this Section 5. The Conditions Precedent for the Benefit of the Seller are:

- (a) Purchaser making the Deposit into Escrow, as set forth in Section 3(b)(1), above.
- (b) The delivery by the Purchaser into Escrow at least one (1) Business Day prior to Closing of Immediately Available Funds equal to the Purchase Price (less the Deposit and plus or minus expenses and prorations) as required by Section 3(c) above.
- (c) The delivery by the Purchaser into Escrow at least one (1) Business Day prior to Closing of all other documents and instruments required by this Agreement or reasonably required by Escrow to complete the Closing.
- (d) As of the Closing Date, Purchaser is not in default of any of its representations or warranties or covenants under this Agreement, or any other material terms or conditions related to

Purchaser, and all of the Purchaser's representations and warranties under this Agreement are true and correct as of the Closing Date.

(e) As of the Closing Date, the Purchaser has not made an assignment for the benefit of creditors, filed a bankruptcy petition, been adjudicated insolvent or bankrupt, petitioned a court for the appointment of any receiver of, or trustee for, the Purchaser, or commenced any proceeding relating to the Purchaser under any reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or later in effect.

6. Conditions Precedent for the Benefit of the Purchaser. The Purchaser's obligation to Close shall be conditioned upon the satisfaction or emailed or written waiver by the Purchaser of all of the conditions precedent ("Conditions Precedent for the Benefit of the Purchaser") set forth in this Section 6. Any of the Conditions Precedent for the Benefit of the Purchaser may be waived by the Purchaser unilaterally; and if so waived, such conditions shall be of no further effect hereunder. Any such waiver shall be effective only if the same is (i) expressly waived by email from the Purchaser to the Seller and Escrow Agent; or (ii) or in writing signed by the Purchaser and delivered to the Seller and Escrow Agent. If the Conditions Precedent for the Benefit of the Purchaser are not satisfied by the deadlines set forth in this Section 6 or expressly waived, the Purchaser (provided the Purchaser is not in default hereunder) may provide emailed or written notice of the Purchaser's conditional termination of this Agreement to the Seller and Escrow Agent. After receipt of such notice of conditional termination, the Seller shall have ten (10) Business Days to cure any non-satisfaction of a condition or other default specified in the notice of conditional termination. If such matter remains unsatisfied or the default remains uncured after the expiration of such ten (10) Business Day period, then this Agreement shall terminate at the close of business on such tenth (10th) Business Day. In the event of termination of this Agreement (and by operation of law the Escrow) pursuant to this Section 6, then: (w) the same shall be a default by the Seller; (x) Escrow Agent shall return to the Seller all funds or other things deposited in Escrow by the Seller; (y) Escrow Agent shall upon receipt of unilateral notice from the Purchaser, return to the Purchaser all funds or other things deposited in Escrow by the Purchaser, including, without limitation, the Deposit and all interest thereon; and (z) all fees and costs charged by the Escrow Agent shall be paid by the Seller. Purchaser is not waiving any default by the Seller and nothing contained in this Section 6, including, without limitation, the immediately foregoing sentence shall be a waiver of any right of Purchaser to recover damages from the Seller for any default by Seller hereunder. Notwithstanding the foregoing clause (w) of this Section 6, in the event of termination of this Agreement pursuant to this Section 6, the Purchaser and the Seller shall cooperate with one another, execute all documents reasonably necessary and take all reasonable steps as may be required by Escrow Agent in order to accomplish the purposes of this Section 6. The Conditions Precedent for the Benefit of Purchaser are:

(a) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of the Grant Deed duly executed and acknowledged by the Seller, conveying fee simple title to the Property to the Purchaser.

(b) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of the Assignment, duly executed, conveying title to the Personal Property to the Purchaser.

(c) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of a duly executed affidavit in the form prescribed by federal regulations that Seller is not a foreign person and is a "United States Person" as such term is defined in Section 7761(a)(30) of the Internal Revenue Code of 1986, as amended.

(d) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of a duly executed California Form 593(c) or other evidence that withholding of any portion of the Purchase Price is not required by the Revenue and Taxation Code of California.

(e) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of all additional documents and instruments as are reasonably required by the Escrow Agent to complete the Closing.

(f) As of the Closing Date, no lease, tenancy or occupancy agreement exists which affects the Property, except for the, Property Documents and the Permitted Exceptions.

(g) Except as described in Recital B, as of the Closing Date, there is no pending, or threatened to be pending, any action or proceeding by any person or before any government authority, the outcome of which could prohibit the use of the Property as intended by the Purchaser.

(h) The Escrow Agent is prepared and obligated to issue the Title Policy in Purchaser's favor, upon the recordation of the Grant Deed and there are no exceptions to the Title Policy, except for the Permitted Exceptions.

(i) As of the Closing Date, Seller is not in default of any of its representations or warranties under this Agreement, or any other material terms or conditions related to Seller, and all of Seller's representations and warranties under this Agreement are true and correct as of the Closing Date.

(j) The State of California Department of Housing and Community Development has awarded HomeKey+ funds to the Purchaser for Purchaser's acquisition of the Property.

7. Representations, Warranties and Covenants; Waivers and Releases; Seller Default. When making the representations and warranties set forth in this Section 7, each party making a representation and/or warranty represents that the same are true, correct and complete as of the date hereof and shall be and are true, correct and complete as of the Closing Date. The representations and warranties shall survive the Closing.

(a) Representations and Warranties Regarding Authority. The Seller and the Purchaser each hereby represents and warrants to the other that this Agreement and all documents or instruments executed by them which are to be delivered at or prior to the Closing are, or on the Closing Date will be, duly authorized, executed and delivered by the Seller or the Purchaser, as applicable.

(b) Representations and Warranties Regarding Enforceability of Agreement. The Seller and the Purchaser each hereby represents and warrants to the other that this Agreement and

all documents required hereby to be executed by them shall be valid, legally binding obligations of, and enforceable against, the Seller or the Purchaser, as applicable, in accordance with their terms.

(c) Seller Representations and Warranties Pertaining to Legal Matters. The Seller hereby represents and warrants to the Purchaser that:

(1) The Seller is the sole owner of title to the Property; and

(2) There is no pending or threatened proceeding in eminent domain or otherwise, which would affect the Property, or any portions thereof, nor any facts which might give rise to such action or proceeding.

(d) Seller Representations and Warranties Pertaining to Options. As of the Effective Date, the Seller hereby represents and warrants to the Purchaser that no person has any option or right of first refusal to purchase the Property or any parts thereof.

(e) Seller Representation and Warranty Pertaining to Occupancy. The Seller hereby represents and warrants to the Purchaser that there will be no occupancy or leasing agreements by which the Purchaser would be bound following the Closing.

(f) Seller Representation and Warranty Regarding Operation of the Property. The Seller hereby represents and warrants to the Purchaser that the Property Documents and the Permitted Exceptions constitute all of the oral and written agreements or understandings concerning the Property by which the Purchaser would be bound following the Closing.

(g) Seller Representations and Warranties Regarding Discovery of New Information. The Seller hereby represents and warrants to the Purchaser that if the Seller discovers any information or facts prior to Closing that would materially change any of the foregoing representations and warranties or cause any of the foregoing representations and warranties to be untrue or misleading in any respect, the Seller will promptly give the Purchaser notice of those facts and information.

(h) AS-IS CONDITION. PURCHASER HEREBY ACKNOWLEDGES, REPRESENTS, WARRANTS, COVENANTS AND AGREES THAT AS A MATERIAL INDUCEMENT TO SELLER TO EXECUTE AND ACCEPT THIS AGREEMENT AND IN CONSIDERATION OF THE PERFORMANCE BY SELLER OF ITS DUTIES AND OBLIGATIONS UNDER THIS AGREEMENT THAT, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, AND SUBJECT TO SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 7 OF THIS AGREEMENT, THE SALE OF THE PROPERTY HEREUNDER IS AND WILL BE MADE ON AN "AS-IS, WHERE-IS" BASIS, AND SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT, FUTURE OR OTHERWISE, OF, AS TO, CONCERNING OR WITH RESPECT TO: (1) THE EXISTENCE

OF HAZARDOUS MATERIALS OR MOLD UPON THE PROPERTY OR ANY PORTION THEREOF; (2) GEOLOGICAL CONDITIONS, INCLUDING, WITHOUT LIMITATION, SUBSIDENCE, SUBSURFACE CONDITIONS, WATER TABLE, UNDERGROUND WATER RESERVOIRS, LIMITATIONS REGARDING THE WITHDRAWAL OF WATER AND FAULTING; (3) WHETHER OR NOT AND TO THE EXTENT TO WHICH THE PROPERTY OR ANY PORTION THEREOF IS AFFECTED BY ANY STREAM (SURFACE OR UNDERGROUND), BODY OF WATER, FLOOD PRONE AREA, FLOOD PLAIN, FLOODWAY OR SPECIAL FLOOD HAZARD; (4) DRAINAGE; (5) SOIL CONDITIONS, INCLUDING THE EXISTENCE OF INSTABILITY, PAST SOIL REPAIRS, SOIL ADDITIONS OR CONDITIONS OF SOIL FILL, OR SUSCEPTIBILITY TO LANDSLIDES, OR THE SUFFICIENCY OF ANY UNDERSHORE; (6) USES OF ADJOINING PROPERTIES; (7) THE VALUE, COMPLIANCE WITH THE PLANS AND SPECIFICATIONS, SIZE, LOCATION, AGE, USE, DESIGN, QUALITY, DESCRIPTION, DURABILITY, STRUCTURAL INTEGRITY, OPERATION, TITLE TO, OR PHYSICAL OR FINANCIAL CONDITION OF THE PROPERTY OR ANY PORTION THEREOF, OR ANY RIGHTS OR CLAIMS ON OR AFFECTING OR PERTAINING TO THE PROPERTY OR ANY PART THEREOF, INCLUDING, WITHOUT LIMITATION, WHETHER OR NOT THE IMPROVEMENTS COMPLY WITH THE REQUIREMENTS OF TITLE III OF THE AMERICANS WITH DISABILITIES ACT OF 1990, 42 U.S.C. §§ 12181-12183, 12186(B) - 12189 AND RELATED REGULATIONS; (8) THE PRESENCE OF HAZARDOUS MATERIALS IN, ON, UNDER OR IN THE VICINITY OF THE PROPERTY; (9) THE SQUARE FOOTAGE OF THE PROPERTY; (10) IMPROVEMENTS AND INFRASTRUCTURE, INCLUDING, WITHOUT LIMITATION, THE CONDITION OF THE ROOF, FOUNDATION, FIXTURES, AND PERSONAL PROPERTY; (11) DEVELOPMENT RIGHTS, ENTITLEMENTS, EXACTIONS AND EXTRACTIONS; (12) WATER OR WATER RIGHTS; (13) THE DEVELOPMENT POTENTIAL FOR THE PROPERTY; (14) THE ABILITY OF PURCHASER TO REZONE THE REAL PROPERTY OR CHANGE THE USE OF THE PROPERTY; (15) THE ABILITY OF PURCHASER TO ACQUIRE ADJACENT PROPERTIES; (16) THE EXISTENCE AND POSSIBLE LOCATION OF ANY UNDERGROUND UTILITIES; (17) THE EXISTENCE AND POSSIBLE LOCATION OF ANY ENCROACHMENTS; (18) WHETHER THE IMPROVEMENTS WERE BUILT, IN WHOLE OR IN PART, IN COMPLIANCE WITH APPLICABLE BUILDING CODES; (19) THE STATUS OF ANY LIFE-SAFETY SYSTEMS IN THE IMPROVEMENTS; (20) THE CHARACTER OF THE NEIGHBORHOOD IN WHICH THE PROPERTY IS SITUATED; (21) THE CONDITION OR USE OF THE PROPERTY OR COMPLIANCE OF THE PROPERTY WITH ANY OR ALL PAST, PRESENT OR FUTURE FEDERAL, STATE OR LOCAL ORDINANCES, RULES, REGULATIONS OR LAWS, BUILDING, FIRE OR ZONING ORDINANCES, CODES OR OTHER SIMILAR LAWS, INCLUDING ANY APPLICABLE PLUMBING RETROFIT REQUIREMENTS AND ANY APPLICABLE ENERGY-RELATED REQUIREMENTS; (22) THE MERCHANTABILITY OF THE PROPERTY OR FITNESS OF THE PROPERTY FOR ANY PARTICULAR PURPOSE (PURCHASER AFFIRMING THAT PURCHASER HAS NOT RELIED ON SELLER'S SKILL OR JUDGMENT TO SELECT THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT SELLER MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE); AND/OR (23) THE SUITABILITY OF THE PROPERTY FOR CONDOMINIUM CONVERSION. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY SET

FORTH IN THIS AGREEMENT, SELLER IS NOT RELEASED FROM ANY LIABILITY TO PURCHASER FOR FRAUD OR BREACH OF ANY COVENANT, REPRESENTATION OR WARRANTY EXPRESSLY SET FORTH IN THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THIS SECTION 7(H), ANY RIGHT WAIVED BY PURCHASER AND ANY RELEASE BY PURCHASER, SHALL ONLY RELEASE OR WAIVE THE PURCHASER'S RIGHTS TO ENFORCE ANY JUDGMENT PERSONALLY AGAINST THE SELLER AND SELLER'S SUCCESSORS, ASSIGNS, OFFICERS, DIRECTORS, SHAREHOLDERS, PARTICIPANTS, PARTNERS, MEMBERS, MANAGERS, AFFILIATES, EMPLOYEES, REPRESENTATIVES, INVITEES, CONTRACTORS, CONSULTANTS AND AGENTS (COLLECTIVELY, THE "SELLER PARTIES") OR ANY OF THEM. PURCHASER IS NOT WAIVING ANY RIGHT TO BRING ANY ACTION AGAINST ANY OF THE "NON-RELEASED PARTIES" (DEFINED BELOW) (I) BASED ON A THEN-EXISTING WARRANTY OF A NON-RELEASED PARTY FOR WORK PERFORMED AT THE REAL PROPERTY BEFORE THE CLOSING OR MATERIALS OR EQUIPMENT SUPPLIED TO THE REAL PROPERTY BEFORE THE CLOSING, INCLUDING RECOVERY AGAINST ANY INSURANCE POLICY OF THE NON-RELEASED PARTY; OR (II) IF THE NON-RELEASED PARTY IS AN OCCUPANT, BASED ON A PRE-CLOSING BREACH OF THE OCCUPANT'S OCCUPANCY AGREEMENT. **"NON-RELEASED PARTIES"** MEANS PERSONS PERFORMING WORK AT THE REAL PROPERTY BEFORE THE CLOSING (OTHER THAN SELLER OR ANY OF THE SELLER PARTIES) AND/OR ANY INSURANCE POLICIES HELD BY ANY OR ALL SUCH PERSONS AND THE OCCUPANTS.

PURCHASER ACKNOWLEDGES THAT AS OF THE EXPIRATION OF THE DUE DILIGENCE PERIOD, PURCHASER SHALL HAVE COMPLETED ALL PHYSICAL AND FINANCIAL EXAMINATIONS RELATING TO THE ACQUISITION OF THE PROPERTY HEREUNDER (IT BEING ACKNOWLEDGED AND AGREED THAT PURCHASER SHALL BE DEEMED TO HAVE INSPECTED EACH UNIT WITHIN THE PROPERTY) AND WILL ACQUIRE THE SAME SOLELY ON THE BASIS OF SUCH EXAMINATIONS AND THE TITLE INSURANCE PROTECTION FOR THE PROPERTY AFFORDED BY THE TITLE POLICY, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, AND SUBJECT TO SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 7 OF THIS AGREEMENT. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION PROVIDED OR TO BE PROVIDED WITH RESPECT TO THE PROPERTY WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT THE SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, AND SUBJECT TO THE SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT. SELLER SHALL NOT BE LIABLE FOR ANY NEGLIGENT MISREPRESENTATION OR FAILURE TO INVESTIGATE THE PROPERTY NOR SHALL SELLER BE BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS, APPRAISALS, ENVIRONMENTAL ASSESSMENT REPORTS, OR OTHER INFORMATION PERTAINING TO THE PROPERTY OR THE OPERATION THEREOF, FURNISHED BY SELLER, OR ANY REAL ESTATE BROKER, AGENT, REPRESENTATIVE, EMPLOYEE, SERVANT OR

OTHER PERSON ACTING ON SELLER'S BEHALF. IT IS ACKNOWLEDGED AND AGREED THAT THE PROPERTY IS SOLD BY SELLER AND PURCHASED BY PURCHASER SUBJECT TO THE FOREGOING. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, SELLER IS NOT RELEASED FROM ANY LIABILITY TO PURCHASER FOR FRAUD OR BREACH OF ANY COVENANT, REPRESENTATION OR WARRANTY SET FORTH IN THIS AGREEMENT.

PURCHASER HEREBY ACKNOWLEDGES AND AGREES THAT PURCHASER IS FULLY AWARE OF THE AGE OF THE PROPERTY, THAT OVER TIME VARIOUS EVENTS MAY HAVE OCCURRED ON THE PROPERTY WHICH EVENTS MAY BE TYPICAL AND/OR ATYPICAL OF EVENTS OCCURRING TO OTHER PROPERTIES OF SIMILAR AGE TO THE PROPERTY AND SIMILARLY LOCATED IN THE CITY OF SAN DIEGO AND/OR THE COUNTY OF SAN DIEGO, CALIFORNIA, AND THAT SUCH EVENTS MAY INCLUDE, WITHOUT LIMITATION, SLAB LEAKS, MOLD, FIRE, SHIFTING, AND VIOLATIONS OF LAWS, ORDINANCES, RULES, REGULATIONS, PERMITS, APPROVALS, LICENSES AND/OR ORDERS OF GOVERNMENTAL AGENCIES WITH JURISDICTION OVER THE PROPERTY.

THE CLOSING OF THE PURCHASE OF THE PROPERTY BY PURCHASER HEREUNDER SHALL BE CONCLUSIVE EVIDENCE THAT: (A) PURCHASER HAS FULLY AND COMPLETELY INSPECTED (OR HAS CAUSED TO BE FULLY AND COMPLETELY INSPECTED) THE PROPERTY; AND (B) PURCHASER ACCEPTS THE PROPERTY AS BEING IN GOOD AND SATISFACTORY CONDITION AND SUITABLE FOR PURCHASER'S PURPOSES.

WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT FOR RELIANCE ON THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, PURCHASER SHALL PERFORM AND RELY SOLELY UPON ITS OWN INVESTIGATION CONCERNING ITS INTENDED USE OF THE PROPERTY, AND THE PROPERTY'S FITNESS THEREFOR. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT SELLER'S COOPERATION WITH PURCHASER WHETHER BY PROVIDING DOCUMENTS RELATING TO THE PROPERTY OR PERMITTING INSPECTION OF THE PROPERTY, SHALL NOT BE CONSTRUED AS ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OF ANY KIND WITH RESPECT TO THE PROPERTY, OR WITH RESPECT TO THE ACCURACY, COMPLETENESS, OR RELEVANCE OF THE DOCUMENTS PROVIDED TO PURCHASER BY SELLER IN RELATION TO THE PROPERTY, PROVIDED THAT THE FOREGOING SHALL NOT BE A LIMITATION OR MODIFICATION OF THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT.

SELLER'S INITIALS

PURCHASER'S INITIALS

(i) Indemnity and Release.

(1) Indemnity. For the purposes of this Section 7(i), the term “Claims” shall mean any and all claims, obligations, liabilities, causes of action, suits, debts, liens, damages, judgments, losses, demands, orders, penalties, settlements, costs and expenses (including, without limitation, attorneys’ fees and costs and any and all costs and expenses related to, whether directly or indirectly, any and all clean-up, remediation, investigations, monitoring, abatement, mitigation measures, fines or removal with respect to Hazardous Materials) of any kind or nature whatsoever. The definition of “Claims” shall include, without limitation, Claims under contract law or tort law. Each and every provision of this Section 7(i) shall survive the Closing. Purchaser acknowledges that but for Purchaser’s agreement to each and every provision of this Section 7(i), Seller would not have entered into this Agreement. Purchaser, on behalf of itself, its successors, assigns and successors-in-interest (“Successors”), hereby agrees to indemnify, defend and hold Seller and each and all of the Seller Parties (defined in Section 7(h)) harmless from any and all Claims resulting from, related to, or based upon, whether directly or indirectly: (i) the breach by Purchaser of any representation, warranty, covenant or obligation contained in this Agreement, or in any other agreement, document, exhibit or instrument related hereto or referenced herein; (ii) any Claim or Claims, if the basis of such Claim or Claims arose on or after the Closing, and if the basis of such Claim or Claims arose from, is based upon, relates to or pertains to, whether directly or indirectly, the ownership, operation, management and use of the Property; (iii) any Claim or Claims which Claim or Claims (or the basis for which) arose from, is based upon, relates to or pertains to, whether directly or indirectly, any act or omission of Purchaser; (iv) (A) any Claim or Claims that relate to the condition of the Property on or after the Closing, including any judgment, order or settlement under or otherwise pursuant to a lawsuit, and (B) any Claim or Claims that relate to defects in the Property (including, without limitation, patent and latent construction defects), regardless of whether said defects or the cause of the same arose either before or after the Closing, including any judgment, order or settlement under or otherwise pursuant to a lawsuit; and (v) any express or implied indemnity including equitable comparative indemnity arising out of any condominium conversion of the Property including any Claims arising out of alleged construction defects made by unit purchasers, the homeowners association or Purchaser. Any defense of any or all of the Seller Parties referenced in this Section 7(i)(1), shall be at the Purchaser’s sole cost and expense and by counsel selected by the Purchaser, subject to the reasonable approval of the indemnified person, which counsel may, without limiting the rights of any of the Seller Parties pursuant to the next succeeding sentence of this Section 7(i)(1), also represent the Purchaser in such investigation, action or proceeding. If Seller or any of the Seller Parties that is being indemnified determines reasonably and in good faith that its defense by the Purchaser is reasonably likely to cause a conflict of interest or is being conducted in a manner which is prejudicial to Seller’s or the Seller Party’s interests, such indemnified person may elect to conduct its own defense through counsel of its own choosing, subject to the reasonable approval of the Purchaser, and at the expense of the Purchaser. Purchaser hereby waives any right of subrogation as to Seller or the Seller Parties. Each and every provision of this Section 7 shall survive the Closing and but for Purchaser’s agreement to each and every provision of this Section 7, Seller would not have entered into this Agreement.

(2) Release. Notwithstanding the following or anything to the contrary set forth in this Agreement, the Seller is not released from any liability to the Purchaser for fraud or breach

of any covenant or warranty set forth in this Agreement. Subject to the immediately preceding sentence and the Purchaser's right to rely on the Seller's representations and warranties, Purchaser for itself and on behalf of each of its successors (collectively, the "Releasors") by this general release of known and unknown claims (this "Release") hereby irrevocably and unconditionally release and forever discharge Seller and each of the Seller Parties (collectively, the "Releasees") or any of them, from and against any and all Claims of any kind or nature whatsoever, **WHETHER KNOWN OR UNKNOWN**, suspected or unsuspected, fixed or contingent, liquidated or unliquidated which any of the Releasors now have, own, hold, or claim to have had, owned, or held, against any of the Releasees arising from, based upon or related to, whether directly or indirectly any facts, matters, circumstances, conditions or defects (whether patent or latent) of all or any kinds, related to, arising from, or based upon, whether directly or indirectly, the Property, including, without limitation, (i) the physical condition, quality and state of repair of the Property; (ii) any latent or patent defect affecting the Property, (iii) the presence of Hazardous Materials in, on, about or under the Real Property or which have migrated from adjacent lands to the Real Property or from the Real Property to adjacent lands, and (iv) any express or implied indemnity including equitable comparative indemnity arising out of any condominium conversion of the Property including any Claims arising out of alleged construction defects made by unit purchasers, the homeowners association or Purchaser.

(3) Section 1542 Waiver. Except for Claims for Seller's fraud or the breach of any covenants, representations and warranties of the Seller provided in this Agreement, Releasors hereby further agree as follows:

(A) Releasors acknowledge that there is a risk that subsequent to the execution of this Agreement, Releasors may discover, incur, or suffer from Claims which were unknown or unanticipated at the time this Release is executed, including, without limitation, unknown or unanticipated Claims which, if known by Releasors on the date this Release is being executed, may have materially affected Releasors' decision to execute this Agreement. Releasors acknowledge that Releasors are assuming the risk of such unknown and unanticipated Claims and agree that this Release applies thereto. Releasors expressly waive the benefits of Section 1542 of the California Civil Code, which reads as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

(B) Releasors represent and warrant that Releasors have been represented by independent counsel of Releasors' own choosing in connection with the preparation and review of the Release set forth herein, that Releasors have specifically discussed with such counsel the meaning and effect of this Release and that Releasors have carefully read and understand the scope and effect of each provision contained herein. Releasors further represent and warrant that Releasors do not rely and have not relied upon any representation or statement made by any of the Releasees or any of their representatives, agents, employees, attorneys or officers with regard to the subject matter, basis or effect of this Release.

(C) Releasors represent and warrant to Releasees that Releasors have not and shall not assign or transfer or purport to assign or transfer any Claim or Claims or any portion thereof or any interest therein, and shall indemnify, defend, and hold the Releasees harmless from and against any Claim or Claims based on or arising out of, whether directly or indirectly, any such assignment or transfer, or purported assignment or transfer.

SELLER'S INITIALS

PURCHASER'S INITIALS

It is specifically intended that each of the Seller Parties shall be third party beneficiaries of Section 7(h) and Section 7(i).

8. Condemnation.

(a) Condemnation. If between the Effective Date and the Closing Date, any condemnation or eminent domain proceeding is commenced by any party other than the Purchaser that will result in the taking of the entire Property or any part of the Property, Purchaser may, at Purchaser's election, either:

(1) Terminate this Agreement by giving written or emailed notice to the Seller and the Escrow Agent, in which event all remaining funds or other things deposited in Escrow by Purchaser, including, without limitation, the Deposit, shall be returned to the Purchaser immediately from Escrow, together with any and all fees and costs charged by the Escrow Agent shall be paid one-half (1/2) by the Purchaser and one-half (1/2) by the Seller; or

(2) Give written or emailed notice to the Seller and the Escrow Agent that Purchaser will proceed with the Closing, in which event the Seller shall assign to the Purchaser all of the Seller's rights, titles and interests to any award made for the condemnation or eminent domain action.

(b) Notice. If the Seller obtains notice of the commencement of or the threatened commencement of eminent domain or condemnation proceedings with respect to all of any portion of the Property, the Seller shall notify the Purchaser in writing.

9. Broker's Commission. The Purchaser and the Seller each represents to the other that it does not have any contact or binding agreement with respect to any real estate broker or other person who can claim a right to a commission or finder's fee. The Purchaser and the Seller each agree that to the extent any real estate commission, brokerage commission or finder's fee shall be earned or claimed in connection with this Agreement or the Closing, the payment of such fee or commission, and the defense of any action in connection therewith, shall be the sole and exclusive obligation of the party who requested (or is alleged to have requested) the services of the broker or finder. In the event that any claim, demand or cause of action for any such commission or finder's fee is asserted against the party to this Agreement who did not request such services (or is not alleged to have requested such services), the party through whom the broker or finder is making the claim shall indemnify, defend (with an attorney of the indemnitee's choice) and hold harmless the other from and against any and all such claims, demands and causes of action and expenses

related thereto, including, without limitation, attorneys' fees and costs. The provisions of this Section 9 shall survive the Closing or termination of this Agreement.

10. Assignment. The Purchaser may assign this Agreement to an entity in which the Purchaser has a controlling or majority interest without the prior written consent of the Seller. Except as set forth in the immediately preceding sentence, no party shall assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other party hereto. Any attempted assignment or delegation of this Agreement by the Purchaser or the Seller in violation of this Section 10 shall be void.

11. Notices. All notices under this Agreement shall be in writing and sent (a) overnight by a nationally recognized overnight courier such as UPS Overnight, or FedEx, in which case notice shall be deemed delivered one (1) Business Day after deposit with that courier, and (b) by email, in which case notice shall be deemed delivered upon the actual date of delivery. All notices shall be delivered to the following addresses:

If to Seller:	Tusore Hospitality, Inc. c/o Hotel Investment Group 4085 Pacific Highway, Suite 110 San Diego, CA 92110 Email: darshanp@hotelinvestmentgroup.com Email: legal@hotelinvestmentgroup.com
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If to Purchaser:	San Diego Housing Commission Attn: Buddy Bohrer 1122 Broadway, Suite 300 San Diego, CA 92101 Email: buddyb@sdhc.org
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Copy to:	Christensen & Spath LLP Attn: Walter F. Spath III, Esq. 401 West A Street, Suite 2250 San Diego, CA 92101 Email: wfs@candslaw.net
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If to Escrow Agent:	Chicago Title Company Attn: Renee Marshall 2365 Northside Drive San Diego, CA 92108 Email: MarshallR@ctt.com
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The addresses above may be changed by written notice to the other party given in accordance with this Section 11.

12. Risk of Loss.

(a) Subject to the provisions of this Section 12(a), the risk of loss or damage to the Property until the Closing will be borne by Seller. Upon the occurrence of any damage to or destruction of the Property, Seller shall within five (5) days after the occurrence of such damage or destruction give written notice to Purchaser ("Damage Notice") specifying the estimated cost to repair or restore the Property and an estimate of the insurance proceeds, if any, that will be available with respect to such damage or destruction. The Closing shall be appropriately delayed to provide adequate time for Seller to give the Damage Notice and Purchaser to make its election provided for below.

(b) If prior to the Closing there is damage to or destruction of the Property for any reason that will cost in excess of Two Hundred Thousand Dollars (\$200,000.00) to repair or restore, Purchaser shall have the right by written notice given to Seller within ten (10) days of Purchaser receiving the Damage Notice, to elect to: (i) close Escrow in such damaged condition, in which event the Purchase Price shall not be reduced and Seller shall not be obligated to repair or restore the Property and all insurance proceeds shall be assigned and payable to Purchaser, and if Seller receives any such insurance proceeds, they shall be immediately remitted by Seller to Purchaser at Closing or, if received by Seller after Closing, promptly after receipt; or (ii) terminate this Agreement, in which event the Deposit and all interest accrued thereon shall be immediately returned to Purchaser, and neither party shall have any further rights or obligations to the other party, except neither party shall be relieved of any obligations provided for in this Agreement which expressly survives its termination.

(c) If prior to the Closing there is damage to or destruction of the Property for any reason, that will cost Two Hundred Thousand Dollars (\$200,000.00), or less, to repair or restore, Purchaser shall nevertheless close Escrow with the Property in such damaged condition, the Purchase Price shall be reduced by a commensurate amount and Seller shall not be obligated to repair or restore the Property, and all insurance proceeds shall be assigned and payable to Purchaser, and if Seller should receive any such insurance proceeds, they shall be immediately remitted to Purchaser.

13. Water Heaters. Seller hereby certifies and warrants that all water heaters in or on the Property are braced, anchored or strapped to prevent falling or horizontal displacement due to earthquake motions as required by State and applicable local codes.

14. Prorations.

(a) Utility costs, rents, security deposits, service and maintenance contract payments for contracts that are being assumed by the Purchaser (which assumption shall be of all service and maintenance and similar type contracts with regard to the Property to the extent same are assignable) ("Contracts") and other expenses of operating the Property (provided, however, no proration shall be made with regard to any capital improvements, as determined in accordance with generally accepted accounting principles) shall be prorated as of the Closing. To the extent any property taxes and assessments have been paid by Seller for the period following the Closing, such amount shall be credited to Seller and Seller shall be responsible for obtaining a property tax

refund from the taxing authorities after Closing. If any property taxes or assessments are owed at Closing, such amounts shall be paid by Seller.

15. Right of First Refusal.

(a) In the event that Purchaser receives a bona fide written offer from a third party to purchase all or any portion of the Property, and Purchaser desires to accept such offer, Purchaser shall promptly deliver to Seller written notice (the "Sale Notice") of the terms and conditions of such offer, including the identity of the proposed buyer, purchase price, due diligence and closing timelines, and all other material terms and conditions.

(b) Seller shall have the right, exercisable by written notice to Purchaser within thirty (30) days after receipt of the Sale Notice (the "Election Period"), to elect to purchase the Property (or applicable portion thereof) on the same terms and conditions as set forth in the Sale Notice. During the Election Period, Purchaser shall not enter into or execute any agreement, letter of intent, or contract with any third party relating to the sale of the Property, nor shall Purchaser engage in any negotiations or discussions with any third party concerning any sale of the Property that would be inconsistent with Seller's right under this Section.

(c) If Seller elects to exercise its right of first refusal, the parties shall proceed in good faith to enter into a definitive purchase and sale agreement within ten (10) days after Seller's exercise, with a closing date consistent with the timeline in the original bona fide offer.

(d) If Seller fails to exercise its right within the Election Period, Purchaser may proceed to consummate the sale of the Property to the third party strictly in accordance with the terms set forth in the Sale Notice. If Purchaser fails to close the sale to the third party within ninety (90) days following the expiration of the Election Period, or if the terms of the third-party sale materially change, Purchaser must re-submit a new Sale Notice to Seller, and the right of first refusal shall again apply in full force and effect.

(e) The right of first refusal set forth herein shall be binding upon Purchaser and its successors and assigns, and shall inure to the benefit of Seller and its successors and assigns. This provision shall survive the Closing and shall be recorded, at Seller's option, as a memorandum in the public records.

16. General Provisions.

(a) Governing Law. This Agreement shall be interpreted and construed in accordance with California law, without regard to any choice of law principles.

(b) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(c) Captions. The captions in this Agreement are inserted for convenience of reference and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions of this Agreement.

(d) Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective legal representatives, successors, heirs and permitted assigns.

(e) Modifications; Waiver. No waiver, modification, amendment, discharge or change of this Agreement shall be valid unless it is in writing and signed by the party against which the enforcement of the modification, waiver, amendment, discharge or change is sought.

(f) Entire Agreement. This Agreement contains the entire agreement between the parties relating to Purchaser's acquisition of the Property from the Seller and all prior or contemporaneous agreements, understandings, representations or statements, oral or written, are superseded.

(g) Partial Invalidity. Any provision of this Agreement which is unenforceable, invalid, or the inclusion of which would adversely affect the validity, legality, or enforcement of this Agreement shall have no effect, but all the remaining provisions of this Agreement shall remain in full effect.

(h) Survival; No Merger. This Agreement, including, without limitation, all representations, warranties, covenants, agreements, indemnities and other obligations of the Purchaser and the Seller in this Agreement, shall survive the Closing as provided for in this Agreement and will not be merged into the Grant Deed or any other document.

(i) No Third-Party Rights. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties to this Agreement and their respective successors and assigns, any rights or remedies.

(j) Time of Essence. Time is of the essence in this Agreement.

(k) Attorneys' Fees. The parties agree that the prevailing party in litigation for the breach and/or interpretation and/or enforcement of the terms of this Agreement shall be entitled to their expert witness fees, if any, as part of their costs of suit, and attorneys' fees as may be awarded by the court, pursuant to California Code of Civil Procedure ("CCP") Section 1033.5 and any other applicable provisions of California law, including, without limitation, the provisions of CCP Section 998. All claims, disputes, causes of action or controversies shall be subject solely to the jurisdiction of the San Diego Superior Court, Downtown Branch.

(l) Relationship. Nothing contained in this Agreement shall be deemed or construed by the parties or by any third person to create a relationship of principal and agent or partnership or a joint venture between the Purchaser and the Seller or between any of them and any third party.

(m) Recording. This Agreement shall not be recorded.

(n) Purchaser Approval. Where this Agreement refers to an action or approval of the Purchaser, it shall mean the approval of the President and CEO of the Purchaser, or designee, unless otherwise provided.

(o) Exhibits and Recitals Incorporated. All exhibits referred to in this Agreement are hereby incorporated in this Agreement by this reference, regardless of whether or not the exhibits are actually attached to this Agreement. The Recitals to this Agreement are hereby incorporated in this Agreement by this reference.

(p) Independent Counsel. Seller and Purchaser each acknowledge that: (a) they have been given the opportunity to be represented by independent counsel in connection with this Agreement; (b) they have executed this Agreement with the advice of such counsel, if such counsel was retained; and (c) this Agreement is the result of negotiations between the parties hereto and the advice and assistance of their respective counsel, if such counsel was retained. The fact that this Agreement was prepared or negotiated by Purchaser's or Seller's counsel as a matter of convenience shall have no import or significance. Any uncertainty or ambiguity in this Agreement shall not be construed against either party due to the fact that Purchaser's or Seller's counsel prepared or negotiated this Agreement in its final form.

(q) Capacity and Authority. All individuals signing this Agreement for a party which is a corporation, limited liability company, partnership or other legal entity, or signing under a power of attorney, or as a trustee, guardian, conservator, or in any other legal capacity, represent and warrant to one another party that they have the necessary capacity and authority to act for, sign and bind the respective entity or principal on whose behalf they are signing.

(r) Closing Costs. The Seller and the Purchaser shall pay the costs of the Title Policy in accordance with Section 2, above. The Purchaser and the Seller shall each pay one-half (1/2) of the costs of the City transfer taxes and County transfer taxes to be paid with reference to the Grant Deed, if any, and all other stamps, intangible, documentary, recording and surtax imposed by law with reference to any other documents delivered in connection with this Agreement, if any. The Purchaser and the Seller shall equally share the Escrow Agent's escrow fees. All other closing costs shall be allocated in accordance with custom in San Diego County, California.

IN WITNESS WHEREOF, the parties have executed this Purchase and Sale Agreement as of the date first above written.

SELLER:

Tusore Hospitality, Inc., a California corporation

By: _____

Print Name: _____

Its: _____

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

PURCHASER:

San Diego Housing Commission

By: _____
Lisa Jones, President & CEO

Approved as to Form:
Christensen & Spath LLP

By: _____
Walter F. Spath III, Esq.
Purchaser General Counsel

Exhibit A

Real Property Legal Description

Real property in the City of San Diego, County of San Diego, State of California, described as follows:

PARCEL B OF PARCEL MAP NO. 330, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SEPTEMBER 17, 1970.

APN: 427-500-12-00

Exhibit B

ASSIGNMENT OF PERSONAL PROPERTY AND ASSIGNMENT AND ASSUMPTION OF CONTRACTS

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby expressly acknowledged, Tusore Hospitality, Inc., a California corporation (“Assignor”), hereby grants, conveys, transfers and assigns to the San Diego Housing Commission (“Assignee”), all of Assignor’s right, title and interest in and to:

(a) all occupancy agreements, if any, of space in the real property more particularly described in Exhibit “1” attached hereto and by this reference made a part hereof (“Real Property”);

(b) the Contracts, as defined in that certain Purchase and Sale Agreement between the parties dated as of _____, 2025 (the “PSA”), attached hereto as Exhibit D to the PSA; and

(c) the Personal Property, as defined in the PSA.

The Personal Property is being transferred to Assignee without any representation or warranty of any kind or nature whatsoever, including, without limitation, as to any representations or warranties as to merchantability or fitness for a particular purpose.

Assignee agrees to perform or cause to be performed Assignor’s obligations, if any, under the Contracts from and after the date of this instrument.

Each of Assignor and Assignee hereby covenants that they will, at any time and from time to time upon written request therefor, execute and deliver to the other, its nominees, successors and/or assigns, any new or confirmatory instruments and do and perform any other acts which the other, its successors and/or assigns, may reasonably request in order to fully assign and transfer to and vest in Assignee, its nominees, successors and/or assigns, and protect its and/or their rights, title and interest in and enjoyment of, all of the assets of Assignor intended to be transferred and assigned hereby, or to enable Assignee, its successors and/or assigns, to realize upon or otherwise enjoy any such assets, or to effect the allocation of responsibility for performance under the Contracts.

The provisions of this Assignment of Personal Property and Assignment and Assumption of Contracts shall be binding upon and inure to the benefit of Assignor, Assignee and their successors and assigns.

IN WITNESS WHEREOF, the undersigned have executed this Assignment of Personal Property and Assignment and Assumption of Contracts as of the _____ day of _____, 202__.

ASSIGNOR:

Tusore Hospitality, Inc., a California corporation

By:_____

Name:_____

Its:_____

ASSIGNEE:

San Diego Housing Commission

By:_____

Lisa Jones, President & CEO

Approved as to Form:

Christensen & Spath LLP

By:_____

Walter F. Spath III, Esq.

Assignee General Counsel

Exhibit C

Property Documents

Seller makes no representation that any of the following exist; and Seller has no obligation to create or obtain any of the following that do not exist on the Effective Date of the Agreement.

Property Tax Bill History (2022-Present)

Major Capital Contracts (2022-Present)

Site Map and Floorplans

HVAC Count

Insurance Loss Reports

Business License and Permits

Certificate of Occupancy

All active Contracts, including Service Contracts, management contracts, franchise contracts, and all contracts for which payments are owed, will be owed at or after the Closing.

Gas and Electric Utility History (2022-Present)

Utility Bills (July 2024-Present): limited to: Electricity, Gas, if any, Water, and Trash bills

Drawings, Plans and Specifications, including as-builts

Exhibit D

Contracts

PROVIDER	SERVICE

ADDENDUM H – TITLE REPORT

PRELIMINARY REPORT



CHICAGO TITLE

2365 Northside Dr, Suite 600
San Diego, CA 92108

Prelim Number:

FBSC2502526

Issuing Policies of **Chicago Title Insurance Company**

Order No.: FBSC2502526

TO:
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

Attn: Buddy Bohrer
Ref No.:

Title Officer.: Mark Franklin and Tony Tagliavore

Email: SanDiegoNCSTitle@ctt.com

Phone No.: 619-521-3673

Fax No.: 619-521-3608

Escrow Officer:

Email:

Phone No.:

Fax No.:

Loan No.:

Property: 7798 Starling Drive, San Diego, CA

In response to the application for a policy of title insurance referenced herein, **Chicago Title Company** hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of a defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Exclusions from Coverage, and Conditions of said policy forms.

With respect to any contemplated owner's policy, the printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA/ALTA Homeowner's Policy of Title Insurance, which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a binder or commitment should be requested.

Countersigned By:

Authorized Officer or Agent
Joe Goodman

Effective date: March 13, 2025 at 07:30 AM

The form of Policy or Policies of Title Insurance contemplated by this Report is:

CLTA Standard Coverage Owner's Policy - 2022

1. The estate or interest in the Land hereinafter described or referred to covered by this Report is:

A FEE

2. Title to said estate or interest at the date hereof is [vested in:](#)

TUSORE HOSPITALITY INC., a California corporation

3. The Land referred to in this Report is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

EXHIBIT A
Legal Description

For [APN/Parcel ID\(s\): 427-500-12-00](#)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL B OF [PARCEL MAP NO. 330](#), IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SEPTEMBER 17, 1970.

[APN: 427-500-12-00](#)

EXCEPTIONS

At the date hereof, items to be considered and exceptions to coverage in addition to the printed exceptions and exclusions in said policy form would be as follows:

A. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2025-2026.

B. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.: 427-500-12-00
Fiscal Year: 2024-2025
1st Installment: \$76,159.05, PAID
2nd Installment: \$76,159.05, OPEN (Delinquent after April 10)
Penalty and Cost: \$7,625.90
Homeowners Exemption: \$0.00
Code Area: 08001

C. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.

1. Water rights, claims or title to water, whether or not disclosed by the public records.

2. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: San Diego Gas and Electric Company
Purpose: Public utilities, ingress and egress
Recording Date: April 6, 1964
[Recording No.:](#) [61996, of Official Records](#)
Affects: The exact location and extent of said easement is not disclosed of record

The exact location and extent of said easement is not disclosed of record.

3. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of San Diego, a municipal corporation
Purpose: Public sewer or sewers
Recording Date: June 23, 1964
[Recording No.:](#) [112609, of Official Records](#)
Affects: The route thereof affects a portion of said land and is more fully described in said document

4. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Mount Vernon Convalescent Center, Inc., a California corporation
Purpose: Sewer lines and appurtenances thereto
Recording Date: May 3, 1965
[Recording No.:](#) [78956, of Official Records](#)
Affects: The route thereof affects a portion of said land and is more fully described in said document

5. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: San Diego Gas and Electric Company
Purpose: Public utilities, ingress and egress
Recording Date: September 10, 1965
[Recording No.:](#) [164568, of Official Records](#)
Affects: The route thereof affects a portion of said land and is more fully described in said document

The exact location and extent of said easement is not disclosed of record.

6. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Mike Ellis and Helen Ellis, husband and wife as community property
Purpose: Ingress and egress for sewer pipe line purposes
Recording Date: August 27, 1970
[Recording No.:](#) [155007, of Official Records](#)
Affects: The route thereof affects a portion of said land and is more fully described in said document

7. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: San Diego Gas and Electric Company
Purpose: Public utilities, ingress and egress
Recording Date: July 6, 1974
[Recording No.:](#) [74-181862, of Official Records](#)
Affects: The exact location and extent of said easement is not disclosed of record

The exact location and extent of said easement is not disclosed of record.

8. Matters contained in that certain document

Entitled: Encroachment Removal Agreement
Executed by: The City of San Diego and S. R. Lungren, owner
Recording Date: September 25, 1974
[Recording No.:](#) [74-258389, of Official Records](#)

Reference is hereby made to said document for full particulars.

9. Matters contained in that certain document

Entitled: Encroachment Maintenance and Removal Agreement
Recording Date: November 23, 2020
[Recording No.:](#) [2020-0743438, of Official Records](#)

Reference is hereby made to said document for full particulars.

10. A deed of trust to secure an indebtedness in the amount shown below,

Amount: \$14,550,000.00
Dated: March 27, 2023
Trustor/Grantor Tusore Hospitality Inc., a California corporation
Trustee: Charford, Inc.
Beneficiary: Enterprise Bank & Trust
Loan No.: 8300163
Recording Date: March 30, 2023
[Recording No.:](#) [2023-0081368, of Official Records](#)

11. An assignment of all the moneys due, or to become due as rental, as additional security for the obligations secured by deed of trust shown as item no. 10

Assigned to: Enterprise Bank & Trust
Recording Date: March 30, 2023
[Recording No.:](#) [2023-0081369, of Official Records](#)

12. Matters which may be disclosed by an inspection and/or by a correct ALTA/NSPS Land Title Survey of said Land that is satisfactory to the Company, and/or by inquiry of the parties in possession thereof.

13. Any easements not disclosed by the public records as to matters affecting title to real property, whether or not said easements are visible and apparent.

14. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

END OF EXCEPTIONS

PLEASE REFER TO THE "INFORMATIONAL NOTES" AND "REQUIREMENTS" SECTIONS WHICH FOLLOW FOR INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION.

REQUIREMENTS

1. Unrecorded matters which may be disclosed by an Owner's Affidavit or Declaration. A form of the Owner's Affidavit/Declaration is attached to this Preliminary Report/Commitment. This Affidavit/Declaration is to be completed by the record owner of the land and submitted for review prior to the closing of this transaction. Your prompt attention to this requirement will help avoid delays in the closing of this transaction. Thank you.

The Company reserves the right to add additional items or make further requirements after review of the requested Affidavit/Declaration.

2. The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance by the corporation named below:

Name of Corporation: Tusore Hospitality Inc., a California corporation

- a) A Copy of the corporation By-laws and Articles of Incorporation
- b) An original or certified copy of a resolution authorizing the transaction contemplated herein
- c) If the Articles and/or By-laws require approval by a 'parent' organization, a copy of the Articles and By-laws of the parent
- d) A current dated certificate of good standing from the proper governmental authority of the state in which the entity was created

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

3. Provide an affidavit, referring to the Land the subject of this transaction, setting forth facts sufficient to establish that the party(ies) named below is not one and the same person(s) named in various matters of record and that said matters have been filed against some other person(s) of similar name.

Party(ies): All Parties

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

END OF REQUIREMENTS

INFORMATIONAL NOTES

1. Note: None of the items shown in this report will cause the Company to decline to attach ALTA Endorsement Form 9 to an Extended Coverage Loan Policy, when issued.
2. Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land a Commercial Property, known as 7798 Starling Drive, San Diego, CA, to an Extended Coverage Loan Policy.
3. Notice: Please be aware that due to the conflict between federal and state laws concerning the cultivation, distribution, manufacture or sale of marijuana, the Company is not able to close or insure any transaction involving Land that is associated with these activities.
4. Pursuant to Government Code Section 27388.1, as amended and effective as of 1-1-2018, a Documentary Transfer Tax (DTT) Affidavit may be required to be completed and submitted with each document when DTT is being paid or when an exemption is being claimed from paying the tax. If a governmental agency is a party to the document, the form will not be required. DTT Affidavits may be available at a Tax Assessor-County Clerk-Recorder.
5. Note: The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.
6. Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.

7. The following Exclusion(s) are added to preliminary reports, commitments and will be included as an endorsement in the following policies:
- A. 2006 ALTA Owner's Policy (06-17-06).
6. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
- B. 2006 ALTA Loan Policy (06-17-06)
8. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
9. Any claim of invalidity, unenforceability, or lack of priority of the lien of the Insured Mortgage based on the application of a Tribe's law resulting from the failure of the Insured Mortgage to specify State law as the governing law with respect to the lien of the Insured Mortgage.
- C. ALTA Homeowner's Policy of Title Insurance (12-02-13) and CLTA Homeowner's Policy of Title Insurance (12-02-13).
10. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
- D. ALTA Expanded Coverage Residential Loan Policy - Assessments Priority (04-02-15).
12. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the Public Records but that would be disclosed by an examination of any records maintained by or on behalf of a Tribe or on behalf of its members.
13. Any claim of invalidity, unenforceability, or lack of priority of the lien of the Insured Mortgage based on the application of a Tribe's law resulting from the failure of the Insured Mortgage to specify State law as the governing law with respect to the lien of the Insured Mortgage.
- E. CLTA Standard Coverage Policy 1990 (11-09-18).
7. Defects, liens, encumbrances, adverse claims, notices, or other matters not appearing in the public records but that would be disclosed by an examination of any records maintained by or on behalf of a tribe or on behalf of its members.
8. Any claim of invalidity, unenforceability, or lack of priority of the lien of the insured mortgage based on the application of a tribe's law resulting from the failure of the insured mortgage to specify state law as the governing law with respect to the lien of the insured mortgage.

END OF INFORMATIONAL NOTES



Inquire before you wire!

WIRE FRAUD ALERT

This Notice is not intended to provide legal or professional advice.
If you have any questions, please consult with a lawyer.

All parties to a real estate transaction are targets for wire fraud and many have lost hundreds of thousands of dollars because they simply relied on the wire instructions received via email, without further verification. **If funds are to be wired in conjunction with this real estate transaction, we strongly recommend verbal verification of wire instructions through a known, trusted phone number prior to sending funds.**

In addition, the following non-exclusive self-protection strategies are recommended to minimize exposure to possible wire fraud.

- **NEVER RELY** on emails purporting to change wire instructions. Parties to a transaction rarely change wire instructions in the course of a transaction.
- **ALWAYS VERIFY** wire instructions, specifically the ABA routing number and account number, by calling the party who sent the instructions to you. DO NOT use the phone number provided in the email containing the instructions, use phone numbers you have called before or can otherwise verify. **Obtain the number of relevant parties to the transaction as soon as an escrow account is opened.** DO NOT send an email to verify as the email address may be incorrect or the email may be intercepted by the fraudster.
- **USE COMPLEX EMAIL PASSWORDS** that employ a combination of mixed case, numbers, and symbols. Make your passwords greater than eight (8) characters. Also, change your password often and do NOT reuse the same password for other online accounts.
- **USE MULTI-FACTOR AUTHENTICATION** for email accounts. Your email provider or IT staff may have specific instructions on how to implement this feature.

For more information on wire-fraud scams or to report an incident, please refer to the following links:

Federal Bureau of Investigation:
<http://www.fbi.gov>

Internet Crime Complaint Center:
<http://www.ic3.gov>

FIDELITY NATIONAL FINANCIAL PRIVACY NOTICE

Effective January 1, 2025

Fidelity National Financial, Inc. and its majority-owned subsidiary companies (collectively, "FNF," "our," or "we") respect and are committed to protecting your privacy. This Privacy Notice explains how we collect, use, and protect personal information, when and to whom we disclose such information, and the choices you have about the use and disclosure of that information.

A limited number of FNF subsidiaries have their own privacy notices. If a subsidiary has its own privacy notice, the privacy notice will be available on the subsidiary's website and this Privacy Notice does not apply.

Collection of Personal Information

FNF may collect the following categories of Personal Information:

- contact information (e.g., name, address, phone number, email address);
- demographic information (e.g., date of birth, gender, marital status);
- identity information (e.g., Social Security Number, driver's license, passport, or other government ID number);
- financial account information (e.g., loan or bank account information);
- biometric data (e.g., fingerprints, retina or iris scans, voiceprints, or other unique biological characteristics); and
- other personal information necessary to provide products or services to you.

We may collect Personal Information about you from:

- information we receive from you or your agent;
- information about your transactions with FNF, our affiliates, or others; and
- information we receive from consumer reporting agencies and/or governmental entities, either directly from these entities or through others.

Collection of Browsing Information

FNF automatically collects the following types of Browsing Information when you access an FNF website, online service, or application (each an "FNF Website") from your Internet browser, computer, and/or device:

- Internet Protocol (IP) address and operating system;
- browser version, language, and type;
- domain name system requests; and
- browsing history on the FNF Website, such as date and time of your visit to the FNF Website and visits to the pages within the FNF Website.

Like most websites, our servers automatically log each visitor to the FNF Website and may collect the Browsing Information described above. We use Browsing Information for system administration, troubleshooting, fraud investigation, and to improve our websites. Browsing Information generally does not reveal anything personal about you, though if you have created a user account for an FNF Website and are logged into that account, the FNF Website may be able to link certain browsing activity to your user account.

Other Online Specifics

Cookies. When you visit an FNF Website, a "cookie" may be sent to your computer. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer's hard drive. Information gathered using cookies helps us improve your user experience. For example, a cookie can help the website load properly or can customize the display page based on your browser type and user preferences. You can choose whether or not to accept cookies by changing your Internet browser settings. Be aware that doing so may impair or limit some functionality of the FNF Website.

Web Beacons. We use web beacons to determine when and how many times a page has been viewed. This information is used to improve our websites.

Do Not Track. Currently our FNF Websites do not respond to "Do Not Track" features enabled through your browser.

Links to Other Sites. FNF Websites may contain links to unaffiliated third-party websites. FNF is not responsible for the privacy practices or content of those websites. We recommend that you read the privacy policy of every website you visit.

Use of Personal Information

FNF uses Personal Information for these main purposes:

- To provide products and services to you or in connection with a transaction involving you.

- To improve our products and services.
- To prevent and detect fraud;
- To maintain the security of our systems, tools, accounts, and applications;
- To verify and authenticate identities and credentials;
- To communicate with you about our, our affiliates', and others' products and services, jointly or independently.
- To provide reviews and testimonials about our services, with your consent.

When Information Is Disclosed

We may disclose your Personal Information and Browsing Information in the following circumstances:

- to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure;
- to affiliated or nonaffiliated service providers who provide or perform services or functions on our behalf and who agree to use the information only to provide such services or functions;
- to affiliated or nonaffiliated third parties with whom we perform joint marketing, pursuant to an agreement with them to jointly market financial products or services to you;
- to law enforcement or authorities in connection with an investigation, or in response to a subpoena or court order; or
- in the good-faith belief that such disclosure is necessary to comply with legal process or applicable laws, or to protect the rights, property, or safety of FNF, its customers, or the public.

The law does not require your prior authorization and does not allow you to restrict the disclosures described above. Additionally, we may disclose your information to third parties for whom you have given us authorization or consent to make such disclosure. We do not otherwise share your Personal Information or Browsing Information with nonaffiliated third parties, except as required or permitted by law.

We reserve the right to transfer your Personal Information, Browsing Information, and any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets, or in the event of bankruptcy, reorganization, insolvency, receivership, or an assignment for the benefit of creditors. By submitting Personal Information and/or Browsing Information to FNF, you expressly agree and consent to the use and/or transfer of the foregoing information in connection with any of the above described proceedings.

Security of Your Information

We maintain physical, electronic, and procedural safeguards to protect your Personal Information.

Choices With Your Information

Whether you submit Personal Information or Browsing Information to FNF is entirely up to you. If you decide not to submit Personal Information or Browsing Information, FNF may not be able to provide certain services or products to you.

State-Specific Consumer Privacy Information:

For additional information about your state-specific consumer privacy rights, to make a consumer privacy request, or to appeal a previous privacy request, please follow the link [Privacy Request](#), or email privacy@fnf.com or call (888) 714-2710.

Certain state privacy laws require that FNF disclose the categories of third parties to which FNF may disclose the Personal Information and Browsing Information listed above. Those categories are:

- FNF affiliates and subsidiaries;
- Non-affiliated third parties, with your consent;
- Business in connection with the sale or other disposition of all or part of the FNF business and/or assets;
- Service providers;
- Law endorsement or authorities in connection with an investigation, or in response to a subpoena or court order.

For California Residents: We will not share your Personal Information or Browsing Information with nonaffiliated third parties, except as permitted by California law. For additional information about your California privacy rights, please visit the "California Privacy" link on our website (fnf.com/california-privacy) or call (888) 413-1748.

For Nevada Residents: We are providing this notice pursuant to state law. You may be placed on our internal Do Not Call List by calling FNF Privacy at (888) 714-2710 or by contacting us via the information set forth at the end of this Privacy Notice. For further information concerning Nevada's telephone solicitation law, you may contact: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St., Suite 3900, Las Vegas, NV 89101; Phone number: (702) 486-3132; email: aginquiries@ag.state.nv.us.

For Oregon Residents: We will not share your Personal Information or Browsing Information with nonaffiliated third parties for marketing purposes, except after you have been informed by us of such sharing and had an opportunity to indicate that you do not want a disclosure made for marketing purposes. For additional information about your Oregon consumer privacy rights, or to make a consumer privacy request, or appeal a previous privacy request, please email privacy@fnf.com or call (888) 714-2710

FNF is the controller of the following businesses registered with the Secretary of State in Oregon:

Chicago Title Company of Oregon, Fidelity National Title Company of Oregon, Lawyers Title of Oregon, LoanCare, Ticor, Title Company of Oregon, Western Title & Escrow Company, Chicago Title Company, Chicago Title Insurance Company, Commonwealth Land Title Insurance Company, Fidelity National Title Insurance Company, Liberty Title & Escrow, Novare National Settlement Service, Ticor Title Company of California, Exos Valuations, Fidelity & Guaranty Life, Insurance Agency, Fidelity National Home Warranty Company, Fidelity National Management Services, Fidelity Residential Solutions, FNF Insurance Services, FNTG National Record Centers, IPEX, Mission Servicing Residential, National Residential Nominee Services, National Safe Harbor Exchanges, National Title Insurance of New York, NationalLink Valuations, NexAce Corp., ServiceLink Auction, ServiceLink Management Company, ServiceLink Services, ServiceLink Title Company of Oregon, ServiceLink Valuation Solutions, Western Title & Escrow Company

For Vermont Residents: We will not disclose information about your creditworthiness to our affiliates and will not disclose your personal information, financial information, credit report, or health information to nonaffiliated third parties to market to you, other than as permitted by Vermont law, unless you authorize us to make those disclosures.

Information From Children

The FNF Websites are not intended or designed to attract persons under the age of eighteen (18). We do not collect Personal Information from any person that we know to be under the age of thirteen (13) without permission from a parent or guardian.

International Users

FNF's headquarters is located within the United States. If you reside outside the United States and choose to provide Personal Information or Browsing Information to us, please note that we may transfer that information outside of your country of residence. By providing FNF with your Personal Information and/or Browsing Information, you consent to our collection, transfer, and use of such information in accordance with this Privacy Notice.

FNF Website Services for Mortgage Loans

Certain FNF companies provide services to mortgage loan servicers, including hosting websites that collect customer information on behalf of mortgage loan servicers (the "Service Websites"). The Service Websites may contain links to both this Privacy Notice and the mortgage loan servicer or lender's privacy notice. The sections of this Privacy Notice titled When Information is Disclosed, Choices with Your Information, and Accessing and Correcting Information do not apply to the Service Websites. The mortgage loan servicer or lender's privacy notice governs use, disclosure, and access to your Personal Information. FNF does not share Personal Information collected through the Service Websites, except as required or authorized by contract with the mortgage loan servicer or lender, or as required by law or in the good-faith belief that such disclosure is necessary: to comply with a legal process or applicable law, to enforce this Privacy Notice, or to protect the rights, property, or safety of FNF or the public.

Your Consent To This Privacy Notice; Notice Changes

By submitting Personal Information and/or Browsing Information to FNF, you consent to the collection and use of the information in accordance with this Privacy Notice. We may change this Privacy Notice at any time. The Privacy Notice's effective date will show the last date changes were made. If you provide information to us following any change of the Privacy Notice, that signifies your assent to and acceptance of the changes to the Privacy Notice.

Accessing and Correcting Information; Contact Us

If you have questions or would like to correct your Personal Information, visit FNF's [Privacy Request](https://www.fnf.com/privacy-request) website or contact us by phone at (888) 714-2710, by email at privacy@fnf.com, or by mail to:

Fidelity National Financial, Inc.
601 Riverside Avenue,
Jacksonville, Florida 32204
Attn: Chief Privacy Officer

ATTACHMENT ONE

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990 (11-09-18)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material unless such lien is shown by the public records at Date of Policy.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART II

(Variable exceptions such as taxes, easements, CC&R's, etc., are inserted here)

ATTACHMENT ONE (CONTINUED)

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE OWNER'S POLICY (02-04-22) EXCLUSIONS FROM COVERAGE

The following matters are excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) that restricts, regulates, prohibits, or relates to:
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement on the Land;
 - iii. the subdivision of land; or
 - iv. environmental remediation or protection.
- b. any governmental forfeiture, police, regulatory, or national security power.
- c. the effect of a violation or enforcement of any matter excluded under Exclusion 1.a. or 1.b.
Exclusion 1 does not modify or limit the coverage provided under Covered Risk 5 or 6.
2. Any power of eminent domain. Exclusion 2 does not modify or limit the coverage provided under Covered Risk 7.
3. Any defect, lien, encumbrance, adverse claim, or other matter:
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at the Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to the Date of Policy (Exclusion 3.d. does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - e. resulting in loss or damage that would not have been sustained if consideration sufficient to qualify the Insured named in Schedule A as a bona fide purchaser had been given for the Title at the Date of Policy.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights law, that the transaction vesting the Title as shown in Schedule A is a:
 - a. fraudulent conveyance or fraudulent transfer;
 - b. voidable transfer under the Uniform Voidable Transactions Act; or
 - c. preferential transfer:
 - i. to the extent the instrument of transfer vesting the Title as shown in Schedule A is not a transfer made as a contemporaneous exchange for new value; or
 - ii. for any other reason not stated in Covered Risk 9.b.
5. Any claim of a PACA-PSA Trust. Exclusion 5 does not modify or limit the coverage provided under Covered Risk 8.
6. Any lien on the Title for real estate taxes or assessments imposed or collected by a governmental authority that becomes due and payable after the Date of Policy.
Exclusion 6 does not modify or limit the coverage provided under Covered Risk 2.b.
7. Any discrepancy in the quantity of the area, square footage, or acreage of the Land or of any improvement to the Land.

EXCEPTIONS FROM COVERAGE

Some historical land records contain Discriminatory Covenants that are illegal and unenforceable by law. This policy treats any Discriminatory Covenant in a document referenced in Schedule B as if each Discriminatory Covenant is redacted, repudiated, removed, and not republished or recirculated. Only the remaining provisions of the document are excepted from coverage.

This policy does not insure against loss or damage and the Company will not pay costs, attorneys' fees, or expenses resulting from the terms and conditions of any lease or easement identified in Schedule A, and the following matters:

PART I

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records at Date of Policy but that could be (a) ascertained by an inspection of the Land, or (b) asserted by persons or parties in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records at Date of Policy.
4. Any encroachment, encumbrance, violation, variation, easement, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records at Date of Policy.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor, material or equipment unless such lien is shown by the Public Records at Date of Policy.
7. Any claim to (a) ownership of or rights to minerals and similar substances, including but not limited to ores, metals, coal, lignite, oil, gas, uranium, clay, rock, sand, and gravel located in, on, or under the Land or produced from the Land, whether such ownership or rights arise by lease, grant, exception, conveyance, reservation, or otherwise; and (b) any rights, privileges, immunities, rights of way, and easements associated therewith or appurtenant thereto, whether or not the interests or rights excepted in (a) or (b) appear in the Public Records or are shown in Schedule B.

PART II

(Variable exceptions such as taxes, easements, CC&R's, etc., are inserted here)

ATTACHMENT ONE (CONTINUED)

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (7-01-21) EXCLUSIONS FROM COVERAGE

The following matters are excluded from the coverage of this policy and We will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) that restricts, regulates, prohibits, or relates to:
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement on the Land;
 - iii. the subdivision of land; or
 - iv. environmental remediation or protection.
 - b. any governmental forfeiture, police, or regulatory, or national security power.
 - c. the effect of a violation or enforcement of any matter excluded under Exclusion 1.a. or 1.b.
- Exclusion 1 does not modify or limit the coverage provided under Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23, or 27.
2. Any power to take the Land by condemnation. Exclusion 2 does not modify or limit the coverage provided under Covered Risk 17.
 3. Any defect, lien, encumbrance, adverse claim, or other matter:
 - a. created, suffered, assumed, or agreed to by You;
 - b. not Known to Us, not recorded in the Public Records at the Date of Policy, but Known to You and not disclosed in writing to Us by You prior to the date You became an Insured under this policy;
 - c. resulting in no loss or damage to You;
 - d. attaching or created subsequent to the Date of Policy (Exclusion 3.d. does not modify or limit the coverage provided under Covered Risk 5, 8.f., 25, 26, 27, 28, or 32); or
 - e. resulting in loss or damage that would not have been sustained if You paid consideration sufficient to qualify You as a bona fide purchaser of the Title at the Date of Policy.
 4. Lack of a right:
 - a. to any land outside the area specifically described and referred to in Item 3 of Schedule A; and
 - b. in any street, road, avenue, alley, lane, right-of-way, body of water, or waterway that abut the Land.

Exclusion 4 does not modify or limit the coverage provided under Covered Risk 11 or 21.
 5. The failure of Your existing structures, or any portion of Your existing structures, to have been constructed before, on, or after the Date of Policy in accordance with applicable building codes. Exclusion 5 does not modify or limit the coverage provided under Covered Risk 14 or 15.
 6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights law, that the transfer of the Title to You is a:
 - a. fraudulent conveyance or fraudulent transfer;
 - b. voidable transfer under the Uniform Voidable Transactions Act; or
 - c. preferential transfer:
 - i. to the extent the instrument of transfer vesting the Title as shown in Schedule A is not a transfer made as a contemporaneous exchange for new value; or
 - ii. for any other reason not stated in Covered Risk 30.
 7. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
 8. Negligence by a person or an entity exercising a right to extract or develop oil, gas, minerals, groundwater, or any other subsurface substance.
 9. Any lien on Your Title for real estate taxes or assessments, imposed or collected by a governmental authority that becomes due and payable after the Date of Policy. Exclusion 9 does not modify or limit the coverage provided under Covered Risk 8.a or 27.
 10. Any discrepancy in the quantity of the area, square footage, or acreage of the Land or of any improvement to the Land.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19 and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 10,000.00
Covered Risk 18:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 5,000.00

ATTACHMENT ONE (CONTINUED)

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13) EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;
 - d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19 and 21, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 10,000.00
Covered Risk 18:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 5,000.00

ATTACHMENT ONE (CONTINUED)

ALTA OWNER'S POLICY (07-01-2021)

EXCLUSIONS FROM COVERAGE

The following matters are excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) that restricts, regulates, prohibits, or relates to:
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement on the Land;
 - iii. the subdivision of land; or
 - iv. environmental remediation or protection.
 - b. any governmental forfeiture, police, regulatory, or national security power.
 - c. the effect of a violation or enforcement of any matter excluded under Exclusion 1.a. or 1.b.
- Exclusion 1 does not modify or limit the coverage provided under Covered Risk 5 or 6.
2. Any power of eminent domain. Exclusion 2 does not modify or limit the coverage provided under Covered Risk 7.
 3. Any defect, lien, encumbrance, adverse claim, or other matter:
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at the Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to the Date of Policy (Exclusion 3.d. does not modify or limit the coverage provided under Covered Risk 9 or 10); or
 - e. resulting in loss or damage that would not have been sustained if consideration sufficient to qualify the Insured named in Schedule A as a bona fide purchaser had been given for the Title at the Date of Policy.
 4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights law, that the transaction vesting the Title as shown in Schedule A is a:
 - a. fraudulent conveyance or fraudulent transfer;
 - b. voidable transfer under the Uniform Voidable Transactions Act; or
 - c. preferential transfer:
 - i. to the extent the instrument of transfer vesting the Title as shown in Schedule A is not a transfer made as a contemporaneous exchange for new value; or
 - ii. for any other reason not stated in Covered Risk 9.b.
 5. Any claim of a PACA-PSA Trust. Exclusion 5 does not modify or limit the coverage provided under Covered Risk 8.
 6. Any lien on the Title for real estate taxes or assessments, imposed or collected by a governmental authority that becomes due and payable after the Date of Policy. Exclusion 6 does not modify or limit the coverage provided under Covered Risk 2.b.
 7. Any discrepancy in the quantity of the area, square footage, or acreage of the Land or of any improvement to the Land.

EXCEPTIONS FROM COVERAGE

Some historical land records contain Discriminatory Covenants that are illegal and unenforceable by law. This policy treats any Discriminatory Covenant in a document referenced in Schedule B as if each Discriminatory Covenant is redacted, repudiated, removed, and not republished or recirculated. Only the remaining provisions of the document are excepted from coverage.

This policy does not insure against loss or damage and the Company will not pay costs, attorneys' fees, or expenses resulting from the terms and conditions of any lease or easement identified in Schedule A, and the following matters:

NOTE: The 2021 ALTA Owner's Policy may be issued to afford either Standard Coverage or Extended Coverage. In addition to variable exceptions such as taxes, easements, CC&R's, etc., the Exceptions from Coverage in a Standard Coverage policy will also include the Western Regional Standard Coverage Exceptions listed as 1 through 7 below:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records at Date of Policy but that could be (a) ascertained by an inspection of the Land or (b) asserted by persons or parties in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records at Date of Policy.
4. Any encroachment, encumbrance, violation, variation, easement, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records at Date of Policy.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor, material or equipment unless such lien is shown by the Public Records at Date of Policy.
7. Any claim to (a) ownership of or rights to minerals and similar substances, including but not limited to ores, metals, coal, lignite, oil, gas, uranium, clay, rock, sand, and gravel located in, on, or under the Land or produced from the Land, whether such ownership or rights arise by lease, grant, exception, conveyance, reservation, or otherwise; and (b) any rights, privileges, immunities, rights of way, and easements associated therewith or appurtenant thereto, whether or not the interests or rights excepted in (a) or (b) appear in the Public Records or are shown in Schedule B.

ATTACHMENT ONE (CONTINUED)

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

NOTE: The 2006 ALTA Owner's Policy may be issued to afford either Standard Coverage or Extended Coverage. In addition to variable exceptions such as taxes, easements, CC&R's, etc., the Exceptions from Coverage in a Standard Coverage policy will also include the Western Regional Standard Coverage Exceptions listed below as 1 through 7 below:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records at Date of Policy but that could be (a) ascertained by an inspection of the Land, or (b) asserted by persons or parties in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records at Date of Policy.
4. Any encroachment, encumbrance, violation, variation, easement, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records at Date of Policy.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor, material or equipment unless such lien is shown by the Public Records at Date of Policy.]
7. Any claim to (a) ownership of or rights to minerals and similar substances, including but not limited to ores, metals, coal, lignite, oil, gas, uranium, clay, rock, sand, and gravel located in, on, or under the Land or produced from the Land, whether such ownership or rights arise by lease, grant, exception, conveyance, reservation, or otherwise; and (b) any rights, privileges, immunities, rights of way, and easements associated therewith or appurtenant thereto, whether or not the interests or rights excepted in (a) or (b) appear in the Public Records or are shown in Schedule B.

Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the filed rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for such discount. These discounts only apply to transactions involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

Not all discounts are offered by every FNF Company. The discount will only be applicable to the FNF Company as indicated by the named discount.

FNF Underwritten Title Companies

CTC - Chicago Title Company
CLTC - Commonwealth Land Title Company
FNTC - Fidelity National Title Company
FNTCCA - Fidelity National Title Company of California
TICOR - Ticor Title Company of California
LTC - Lawyer's Title Company
SLTC - ServiceLink Title Company

Underwritten by FNF Underwriters

CTIC - Chicago Title Insurance Company
CLTIC - Commonwealth Land Title Insurance Co.
FNTIC - Fidelity National Title Insurance Co.
NTINY - National Title Insurance of New York

Available Discounts

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (CTIC, CLTIC, FNTIC, NTINY)

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be fifty percent (50%) to seventy percent (70%) of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be forty percent (40%) to fifty percent (50%) of the appropriate title insurance rate, depending on the type of coverage selected.

DISASTER AREA TRANSACTIONS (CTIC, CLTIC, FNTIC, NTINY)

This rate is available for individuals or entities that were victims of a national or state disaster. The rate can be used for a Lender's Policy (Standard or Extended), or an Owner's Policy (Standard or Homeowners coverage). To qualify for this rate, the applicant must, prior to the closing of the applicable transaction, make a written request, including a statement meeting the following criteria:

- A. The subject property is in a disaster area declared by the government of the United States or the State of California.
- B. The subject property was substantially or totally destroyed in the declared disaster.
- C. The subject property ownership has not changed since the time of the disaster.

The rate will be fifty percent (50%) of the applicable rate, and the transaction must be completed within sixty (60) months of the date of the declaration of the disaster.

DISASTER AREA ESCROWS (CTC, CLTC, FNTC, TICOR, LTC)

This rate is available for individuals or entities that were victims of a national or state disaster. The rate can be used for a loan or a sale escrow transaction. To qualify for this rate, the applicant must, prior to the closing of the applicable transaction, make a written request, including a statement meeting the following criteria:

- A. The subject property is in a disaster area declared by the government of the United States or the State of California.
- B. The subject property was substantially or totally destroyed in the declared disaster.
- C. The subject property ownership has not changed since the time of the disaster.

Notice of Available Discounts

(continued)

The rate will be fifty percent (50%) of the applicable rate, and the transaction must be completed within sixty (60) months of the date of the declaration of the disaster. Standard minimum charge applies based upon property type. No other discounts or special rates, or combination of discounts or special rates, shall be applicable. Applies to a single transaction per property.

This rate is applicable to the following Zones/Counties:

Zone 1.A: Orange County

Zone 1.B: Riverside and San Bernardino Counties

Zone 2: Los Angeles County

Zone 3: Ventura County

Zone 10: San Diego County

Zone 12: Imperial County

If used for a sale transaction, the application of this rate assumes the charge for the Residential Sale Escrow Services (RSES) fee will be split evenly between buyer and seller. As such and regardless of how the calculated applicable RSES will be split between the disaster victim and the other principal, the rate will be applied only to one half (1/2) of the calculated applicable RSES fee, regardless of whether the disaster victim is paying half (1/2) of the RSES fee (as is customary) or paying the entire fee. The rate under this provision will be fifty percent (50%) of disaster victims' one half (1/2) portion only and shall not apply to any portion paid by non-disaster victim. Additional services will be charged at the normal rates.

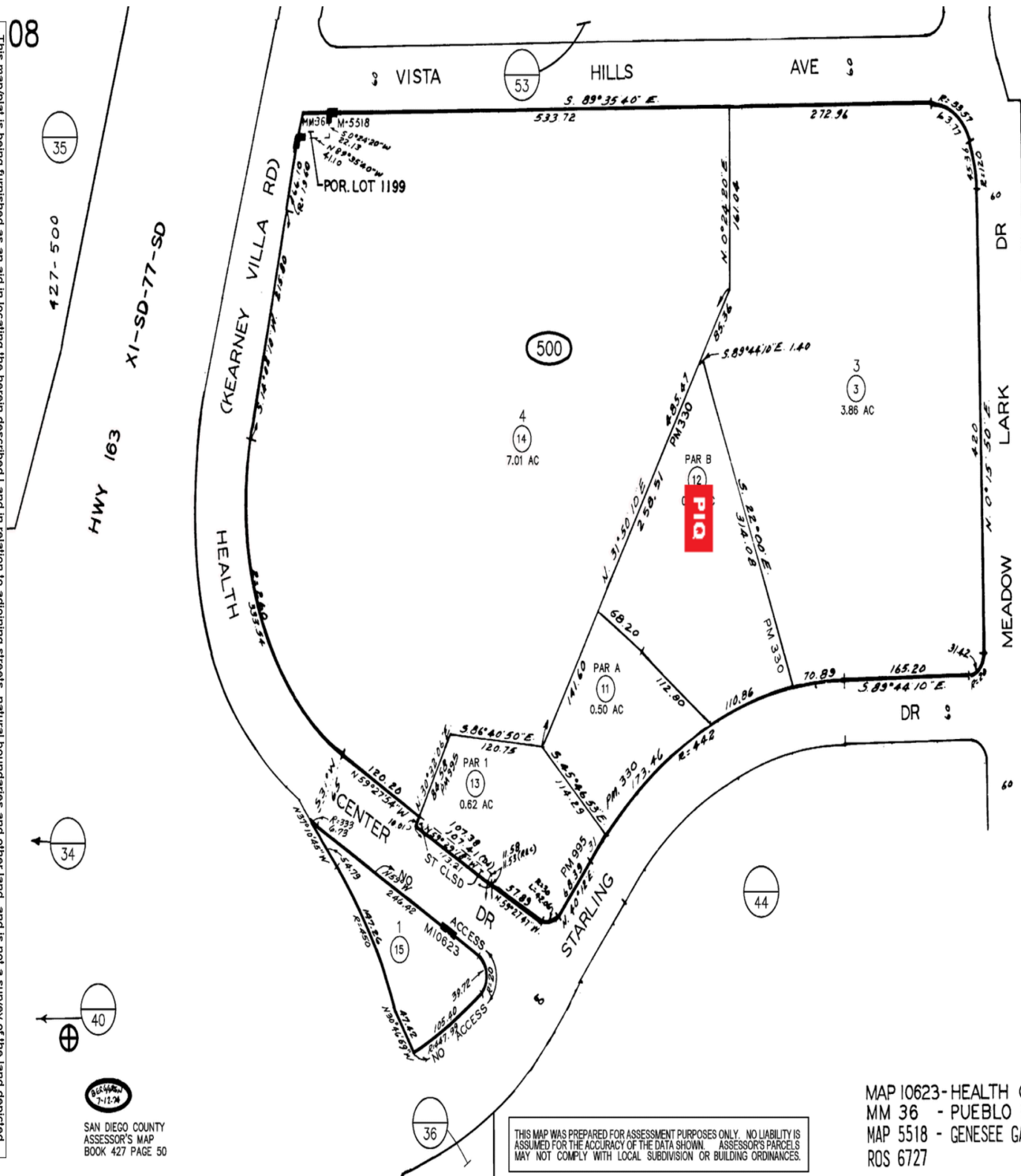
MILITARY DISCOUNT RATE (CTIC, CLTIC, FNTIC)

Upon the Company being advised in writing and prior to the closing of the transaction that an active duty, honorably separated, or retired member of the United States Military or Military Reserves or National Guard is acquiring or selling an owner occupied one-to-four family property, the selling owner or acquiring buyer, as applicable, will be entitled to a discount equal to fifteen percent (15%) of the otherwise applicable rates such party would be charged for title insurance policies. Minimum charge: Four Hundred Twenty-Five And No/100 Dollars (\$425.00)

The Company may require proof of eligibility from the parties to the transaction verifying they are entitled to the discount as described. No other discounts or special rates, or combination of discounts or special rates, shall be applicable.

MILITARY RATE (SLTC)

A discount of twenty percent (20%) off the purchase transaction closing and settlement fee or a discount of One Hundred And No/100 Dollars (\$100.00) off the refinance closing and settlement fee, will be applied when the loan is guaranteed by the United States Veterans Administration and the escrow fee is being paid by the consumer and is listed as paid by borrower on the Closing Disclosure and final Settlement Statement.

[illegible]

MAP 10623-HEALTH CENTER DRIVE PARK
MM 36 - PUEBLO LANDS
MAP 5518 - GENESEE GARDENS ADD
ROS 6727

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

SAN DIEGO COUNTY
ASSESSOR'S MAP
BOOK 427 PAGE 50



OWNER'S DECLARATION

Escrow No.: FBSC2502526

Property: 7798 Starling Drive, San Diego, CA

The undersigned hereby declares as follows:

1. (Fill in the applicable paragraph and strike the other)
 - A. Declarant ("Owner") is the owner or lessee, as the case may be, of certain premises located at 7798 Starling Drive, San Diego, CA, further described as follows: See Preliminary Report/Commitment No. FBSC2502526 for full legal description (the "Land").
 - B. Declarant is the _____ of _____ ("Owner"), which is the owner or lessee, as the case may be, of certain premises located at 7798 Starling Drive, San Diego, CA, further described as follows: See Preliminary Report/Commitment No. FBSC2502526 for full legal description (the "Land").
2. (Fill in the applicable paragraph and strike the other)
 - A. During the period of six (6) months immediately preceding the date of this declaration no work has been done, no surveys or architectural or engineering plans have been prepared, and no materials have been furnished in connection with the erection, equipment, repair, protection or removal of any building or other structure on the Land or in connection with the improvement of the Land in any manner whatsoever.
 - B. During the period of six (6) months immediately preceding the date of this declaration certain work has been done and materials furnished in connection with _____ upon the Land in the approximate total sum of \$_____, but no work whatsoever remains to be done and no materials remain to be furnished to complete the construction in full compliance with the plans and specifications, nor are there any unpaid bills incurred for labor and materials used in making such improvements or repairs upon the Land, or for the services of architects, surveyors or engineers, except as follows: _____. Owner, by the undersigned Declarant, agrees to and does hereby indemnify and hold harmless Chicago Title Insurance Company against any and all claims arising therefrom.
3. Owner has not previously conveyed the Land; is not a debtor in bankruptcy (and if a partnership, the general partner thereof is not a debtor in bankruptcy); and has not received notice of any pending court action affecting the title to the Land.
4. Except as shown in the above referenced Preliminary Report/Commitment, there are no unpaid or unsatisfied mortgages, deeds of trust, Uniform Commercial Code financing statements, regular assessments, special assessments, periodic assessments or any assessment from any source, claims of lien, special assessments, or taxes that constitute a lien against the Land or that affect the Land but have not been recorded in the public records. There are no violations of the covenants, conditions and restrictions as shown in the above referenced Preliminary Report/Commitment.
5. The Land is currently in use as _____; _____ occupy/occupies the Land; and the following are all of the leases or other occupancy rights affecting the Land:

6. There are no other persons or entities that assert an ownership interest in the Land, nor are there unrecorded easements, claims of easement, or boundary disputes that affect the Land.
7. There are no outstanding options to purchase or rights of first refusal affecting the Land.
8. Between the most recent Effective Date of the above referenced Preliminary Report/Commitment and the date of recording of the Insured Instrument(s), Owner has not taken or allowed, and will not take or allow, any action or inaction to encumber or otherwise affect title to the Land.

OWNER'S DECLARATION

(continued)

9. That the undersigned has not received any written notice of violation of any covenants, conditions or restrictions, if any, affecting the Land.

10. That there are no outstanding unpaid sellers or suppliers of PACA/PASA commodities or products incurred by the Lessee, except:

11. That no notices of claim or notices of intent to preserve claim rights have been received by the Company from PACA/PASA sellers or suppliers of the Lessee, except:

This declaration is made with the intention that Chicago Title Insurance Company (the "Company") and its policy issuing agents will rely upon it in issuing their title insurance policies and endorsements. Owner, by the undersigned Declarant, agrees to indemnify the Company against loss or damage (including attorneys' fees, expenses, and costs) incurred by the Company as a result of any untrue statement made herein. Additionally, Owner, by the undersigned Declarant, agrees to indemnify and hold the Company harmless during the gap period between the last title examination of the Land that was conducted by, for and/or on behalf of the Company, and the time when the deed, assignments and any other documents creating priority of title are recorded in connection with the sale and/or transfer of the Land.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on March 25, 2025 at 01:43 PM.

Signature

Date

Print Name

Signature

Date

Print Name



STATEMENT OF INFORMATION
CONFIDENTIAL INFORMATION
FOR YOUR PROTECTION

Escrow No.: FBSC2502526

Completion of this statement expedites your application for title insurance, as it assists in establishing identity, eliminating matters affecting persons with similar names and avoiding the use of fraudulent or forged documents. Complete all blanks (please print) or indicate "none" or "N/A." If more space is needed for any item(s), use the reverse side of the form. Each party (and spouse/domestic partner, if applicable) to the transaction should personally sign this form.

NAME AND PERSONAL INFORMATION

First Name

Middle Name

Last Name

Maiden Name

Date of Birth

(If none, indicate)

Home Phone

Business Phone

Birthplace

Cell Phone

Fax

Email

Social Security No.

Driver's License No.

List any other name you have used or been known by

State of residence

I have lived continuously in the U.S.A. since

Are you currently married? ☐ Yes ☐ No

Are you currently a registered domestic partner? ☐ Yes ☐ No

If yes, complete the following information:

Date and place of marriage

Spouse/Domestic Partner

Date of Birth

First Name

Middle Name

Last Name

Maiden Name

(If none, indicate)

Home Phone

Business Phone

Birthplace

Cell Phone

Fax

Email

Social Security No.

Driver's License No.

List any other name you have used or been known by

State of residence

I have lived continuously in the U.S.A. since

CHILDREN

Child Name:

Date of Birth:

Child Name:

Date of Birth:

Child Name:

Date of Birth:

Child Name:

Date of Birth:

(if more space is required, use reverse side of form)

RESIDENCES (LAST 10 YEARS)

Number & Street

City

From (date) to (date)

Number & Street

City

From (date) to (date)

(if more space is required, use reverse side of form)

OCCUPATIONS/BUSINESSES (LAST 10 YEARS)

Firm or Business Name

Address

From (date) to (date)

Firm or Business Name

Address

From (date) to (date)

(if more space is required, use reverse side of form)

SPOUSE'S/DOMESTIC PARTNER'S OCCUPATIONS/BUSINESSES (LAST 10 YEARS)

Firm or Business Name

Address

From (date) to (date)

Firm or Business Name

Address

From (date) to (date)

(if more space is required, use reverse side of form)

STATEMENT OF INFORMATION
CONFIDENTIAL INFORMATION FOR YOUR PROTECTION
(continued)

PRIOR MARRIAGE(S) and PRIOR DOMESTIC PARTNERSHIP(S)

Any prior marriages or domestic partnerships for either person? _____ If yes, complete the following:

Prior spouse's (Party A) name: _____ Prior Spouse of Party A: _____

Marriage ended by: ☐ Death ☐ Divorce/Dissolution ☐ Nullification Date of Death/Divorce: _____

Prior spouse's (Party B) name: _____ Prior Spouse of Party B: _____ Spouse

Marriage ended by: ☐ Death ☐ Divorce/Dissolution ☐ Nullification Date of Death/Divorce: _____

(if more space is required, use reverse side of form)

INFORMATION ABOUT THE PROPERTY

Buyer intends to reside on the property in this transaction: ☐ Yes ☐ No

Owner to complete the following items

Street Address of Property in this transaction: _____

The land is ☐ unimproved; or improved with a structure of the following type: ☐ A Single or 1-4 Family ☐ Condo Unit ☐ Other _____

Improvements, remodeling or repairs to this property have been made within the past six (6) months: ☐ Yes ☐ No

If yes, have all costs for labor and materials arising in connection therewith been paid in full? ☐ Yes ☐ No

Any current loans on property? _____ If yes, complete the following:

Lender _____ Loan Amount _____ Loan Account No. _____

Lender _____ Loan Amount _____ Loan Account No. _____

The undersigned declare, under penalty of perjury, that the foregoing is true and correct.

IN WITNESS WHEREOF, the undersigned have executed this document on the date(s) set forth below.

_____ Signature	_____ Date
_____ Print Name	
_____ Signature	_____ Date
_____ Print Name	

(Note: If applicable, both spouses/domestic partners must sign.)
THANK YOU.

Title Exceptions Analysis

Based on our review of the attached Title Report, there does not appear to be any Title Exceptions that would negatively impact our 'as is' valuation.

ADDENDUM I – HOMEKEY+ APPRAISAL GUIDELINES

Homekey+ Program Appraisal Guidelines

The Homekey+ Notice of Funding Availability (NOFA) Section 300 (xiii) requires that Homekey+ applications include an appraisal.

The Homekey+ NOFA Section 300 (xiii) reads:

“Applicants shall provide an appraisal prepared no earlier than 12 months prior to application submission date for all Projects seeking acquisition funds from Homekey+ or if property value will be used as local match. The appraisal must comply with the Homekey+ requirements outlined in the Homekey+ Appraisal Guidance document, ...”

Please use this document as guidance to prepare and submit an Appraisal Report that fulfills the threshold requirement with the Homekey+ application.

1. Appraisal reports shall be prepared and signed by an appropriately California-licensed Certified General Real Estate Appraiser in good standing (pursuant to Part 3, commencing with Section 11300 of Division 4 of the Business and Professions Code, and the California Code of Regulations, Title 10, Section 3701) who possesses the appropriate background, education, training, knowledge and experience necessary to accept the assignment and provide credible assignment results. The subject property must be physically inspected (exterior and interior inspections) by at least one of the licensed appraisers signing the report.
2. The appraisal report must be USPAP compliant (current edition as of the date of appraisal report), and must include the report date, client, intended use, intended user, definition of fair market value, signed and dated appraiser certification. Intended users must include the State of California.
3. Appraisal report must provide the fair market value of the fee simple interest, leased fee interest, or going concern (as appropriate) of the subject property based on its current physical condition and recorded or unrecorded title encumbrances under the appraiser’s concluded highest and best use. Lease conveyances or conveyances through trusts on tribal lands may also provide a need for leasehold valuations.
4. An appraiser’s concluded highest and best use of the property may or may not be its existing use. However, the appraiser must, within the body of the appraisal report and in the letter of transmittal, report the fair market value of its existing use as of the date of inspection, without consideration to Homekey+ funding, other related affordable housing funding, the affordable housing regulatory environment, and funding application status.

5. If an appraiser's concluded highest and best use of the property is not its existing use, an appraisal must clearly and sufficiently demonstrate this conclusion by fully developing valuations under the existing use AND alternate use, accounting for the time and cost of procuring any entitlement approvals, renovation costs, lease up costs, profit, demolition, etc. Moreover, the valuation of the alternate use must utilize comparable data (e.g. sales, rents, expenses, capitalization rates) consistent with the concluded alternate use.
6. If prior to the close of escrow, owner (seller), at their sole cost and expense, will obtain all necessary entitlements and/or complete all physical improvements consistent with the concluded highest and best use, the appraiser should provide a proposed use fair market value that reflects any seller obligations (e.g. entitlements, improvements, etc.), in addition to the existing use value.
7. If value scenarios are anticipated to be different for any reason, e.g. unique contractual requirements, the appraiser must contact HCD for guidance in advance of completion of appraisal for instructions, approval of hypotheticals, etc. on how to proceed.
8. All value scenarios need to be market supported with credible market evidence.
9. Appraisal shall utilize the following definition of value:
 - a. Fair Market Value: The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing and able to buy but under no particular necessity for so doing, each dealing with each other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.
10. Appraisal shall utilize the following definition of value:
 - a. Fair Market Value: The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing and able to buy but under no particular necessity for so doing, each dealing with each other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.
 - b. Full and complete compliance with USPAP Standards Rules 1-5(a) and (b) and 2-2(a) x (3) as it pertains for documenting the sale history. See Advisory Opinion 1 of USPAP from The Appraisal Foundation. If the subject is under contract or under negotiation for sale, compliance includes describing how the contract/negotiations came to occur (e.g. whether the property was listed for sale or if the buyer made an unsolicited offer) and reconciling the fair market value with the contract/negotiation price by explaining any differences between price and value and stating whether the contract/negotiation price is below, consistent with, or above fair market value.

11. All appraisals are subject to review by the State of California. State reserves the right to request an independent outside review.

The appraisal report should include the following:

1. Title page with sufficient identification of appraisal project.
2. Letter of transmittal summarizing important assumptions and conclusions, value estimate, date of value, date of report, etc.
3. Table of contents.
4. Assumptions and Limiting Conditions.
5. Description of the scope of work, including the extent of data collection and limitations, if any, in obtaining and analyzing relevant data.
6. Photographs of subject property and comparable data, including significant physical features and the interior of structural improvements if applicable. (Interior photos of subject property improvements are required.)
7. Copies of Assessor's plat maps with the subject parcels marked.
8. A legal description of the subject property if available.
9. Three-year subject property history, including sales, listings, leases, options, zoning, applications for permits, or other documents or facts that might indicate or affect use or value.
10. Detailed discussion of any current Agreement of Sale, option, or listing of subject property.
11. Regional, area, and neighborhood analyses.
12. Market conditions and trends including identification of the relevant market area, a discussion of supply and demand within the relevant market area (or other areas of competition), and a discussion of the relevant market factors impacting demand for site acquisition or leasing within the relevant market area.
13. Discussion of subject land/site characteristics (size, topography, current use, zoning and land use issues, development entitlements, General Plan designations, utilities, offsite improvements, access, easements and restrictions, flood and earthquake information, toxic hazards, taxes, and assessments, etc.).

14. Description of subject improvements, including all structures, square footage, physical age, type of construction, quality of construction, condition, site improvements, etc.
15. Subject leasing and operating cost history.
16. Opinion of highest and best use for the subject property, based on an in-depth analysis supporting the concluded use. Such support typically requires a discussion of the four criteria or tests utilized to determine the highest and best use of a property. If alternative feasible uses exist, explain and support market, development, cash flow, and risk factors leading to an ultimate highest and best use decision.
17. All approaches to market value applicable to the property type and in the subject market. Explain and support the exclusion of any usual approaches to value.
18. Map(s) showing all comparable properties in relation to subject property.
19. Photographs and plat maps of comparable properties.
20. In depth discussion of comparable properties, similarities and differences, and comparisons and adjustments to the comparable data, and discussion of the reliability and credibility of the data as it relates to the indicated subject property value.
21. Comparable data sheets: 1) For sales, include information on grantor/grantee, sale/recordation dates, listed or asking price as of date of sale, financing, conditions of sale, buyer motivation, sufficient location information (street address, post mile, and/or distance from local landmarks such as bridges, road intersections, structures, etc.), land/site characteristics, improvements, source of any allocation of sale price between land and improvement, and confirming source. 2). For listings, also include marketing time from list date to effective date of the appraisal, original list price, changes in list price, broker feedback, if available. 3). For leases, include significant information such as lessor/lessee, lease date and term, type of lease, rent and escalation, expenses, size of space leased, tenant improvement allowance, concessions, use restrictions, options, and confirming source.
22. Discussion of construction cost methodology, data source used, costs included and excluded.
23. Discussion relating to remaining economic life. Depreciation methodology, a discussion of accrued depreciation from all causes, and remaining economic life.
24. Copies of construction cost data including, section and pages of cost manual (date of estimate or date of publication of cost manual must be provided if not indicated on page), copies of cost estimate if provided from another source, and supporting calculations including worksheets or spreadsheets.
25. Include a copy of a recent preliminary title report (within the past year) as an appraisal exhibit and discuss the effect of title exceptions on fair market value. If unavailable, the appraisal should be made contingent upon review of the preliminary title report and the assumption that there is no effect on value.
26. Reconciliation and final value estimate. Explain and support conclusions reached.

27. Signed Certification consistent with language found in USPAP.
28. A discussion of market conditions and trends including identification of the relevant market, a discussion of supply and demand within the relevant market area and a discussion of the relevant market factors impacting demand for site acquisition and leasing within the relevant market area.
29. These appraisal guidelines must be included in the Addenda of appraisal report.

Attachment 3

STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY

GAVIN NEWSOM, Governor

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT DIVISION OF STATE FINANCIAL ASSISTANCE

651 BANNON STREET, SUITE 400, SACRAMENTO, CA 95811
P. O. BOX 952054, SACRAMENTO, CA 94252-2054
(916) 263-2771
www.hcd.ca.gov



October 13, 2025

Jeff Davis, Deputy Chief Executive Officer
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

Dear Jeff Davis:

**RE: Conditional Award Commitment and Acceptance of Terms and Conditions
Homekey+ Program, Notice of Funding Availability (NOFA), Fiscal Year 2024/2025
San Diego Housing Commission – *Starling Place*
Contract No. 25-HK+-18769**

The California Department of Housing and Community Development (“**Department**” or “**HCD**”) issued a Homekey+ Program, Notice of Funding Availability (“**NOFA**”) on November 26, 2024, and subsequently amended it on January 31, 2025, and August 7, 2025. The Department is now pleased to inform you of this conditional award to San Diego Housing Commission (“**Awardee**”). This conditional award is a grant in the amount of \$32,411,744 (the “**Conditional Award**”) for the above-referenced project (the “**Project**”) and includes the following:

Program	Award Amount	Contract Number
Capital Award	\$26,340,313	25-HK+-18769
Relocation Award	\$150,000	25-HK+-18769
Operating Award	\$4,721,431	25-HK+-18769
Veteran Units Additional Operating Award	\$1,200,000	25-HK+-18769
Homekey+ Award Total	\$32,411,744	

This Homekey+ Program NOFA award is under a media and public announcement embargo until released by the Office of the Governor or otherwise notified by HCD staff. HCD will provide updates on the timing of the public award announcement and provide a social media toolkit and a quote from the HCD Director for use in local media releases.

The Conditional Award is based on and subject to the Applicant Representations and the Terms and Conditions of Conditional Award, both as further specified and described in this notice of the Conditional Award (the “**Conditional Award Commitment**”). This Conditional Award may only be accepted by timely delivery of a fully executed Acceptance of Terms and Conditions of Conditional Award form to the Department (an executed copy of this form is enclosed herein).

I. Applicant Representations – Basis of Conditional Award

In response to the above-mentioned NOFA, the Awardee(s) submitted an application for grant funding of the Project (that application, and all communications and documentation submitted to the Department in support thereof, the “**Application**”).

The Department is making this Conditional Award to the Awardee(s) on the basis of, and in reliance upon, the representations, warranties, projections, and descriptions that the Awardee(s) submitted as part of the Application (the “**Applicant Representations**”).

The Department may rescind this Conditional Award if the Department discovers, at any time prior to disbursement of the Conditional Award, that the Applicant Representations included material misrepresentations or omissions, regardless of whether or not such misrepresentations or omissions were innocent, unintentional, and/or based upon belief.

II. Terms and Conditions of Conditional Award

TIME IS OF THE ESSENCE IN THE SATISFACTION OF THESE TERMS AND CONDITIONS OF CONDITIONAL AWARD.

The Department may rescind this Conditional Award if any of the terms and conditions enumerated in this Section II (the “**Terms and Conditions of Conditional Award**”) are not timely satisfied. The Terms and Conditions of this Conditional Award and their corresponding timelines are described below.

If the Terms and Conditions of this Conditional Award are timely satisfied, the Department will (i) promptly provide a written notification to the Awardee(s) via electronic mail; and (ii) circulate an executed copy of an STD 213, Standard Agreement, for all appropriate signatures and approvals in accordance with the timeline specified in Section III of this Conditional Award Commitment.

All timelines shall be calculated in calendar days. Any deadline falling on a weekend or State of California holiday shall be extended to the next business day.

A. Timely Execution of Acceptance of Terms and Conditions of Conditional Award Form

The Awardee(s) shall execute and deliver a copy of the enclosed Acceptance of Terms and Conditions of Conditional Award to the Department within ten (10) calendar days of the date of this Conditional Award Commitment. The Department will deem this condition to be unsatisfied if it receives an executed Acceptance of Terms and Conditions of Conditional Award that has been substantively modified, altered, or amended in any way. The signed Acceptance of Terms and Conditions of Conditional Award form must be submitted to Homekey@hcd.ca.gov.

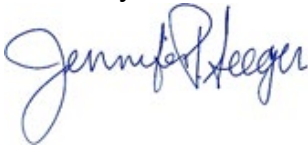
III. Delivery of Standard Agreement

In an effort to be responsive to each Awardee's closing needs and to ensure timely commitment of funds, the Department commits to delivering an executed copy of the Standard Agreement relative to this Conditional Award after receiving all required documents, including all legally sufficient Authorization and Organizational Documents, in connection with this Project and as applicable.

Your contract is assigned to a Single Point of Contact (SPOC), Brianna Lelieur, HCD Representative I, Homekey Branch, at (916) 907-3817 or Brianna.Lelieur@hcd.ca.gov, which will serve as your contact for any and all inquiries related to the development and execution of the Standard Agreement. If this project has previously received funding from HCD, this new award will be referred to the same contact as your previous award to minimize the points of contact from within HCD. You will receive an email from your SPOC upon receipt of your signed Acceptance of Terms and Conditions of Conditional Award. In the meantime, should you have any changes to the status or make up of your project we ask that you communicate these changes as soon as possible to your assigned SPOC.

Congratulations on your successful application. For further information, please contact your SPOC as outlined in Section III above.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jennifer Seeger".

Jennifer Seeger
Deputy Director
Division of State Financial Assistance

Enclosure: Acceptance of Terms and Conditions of Conditional Award form

California Department of Housing and Community Development

Homekey+ Program Notice of Funding Availability

Acceptance of Terms and Conditions of Conditional Award

San Diego Housing Commission ("**Awardee**")
Starling Place ("**Project**")

Homekey+ Program NOFA award totaling \$32,411,744 ("**Conditional Award**"), as detailed below:

Program	Award Amount	Contract Number
Capital Award	\$26,340,313	25-HK+-18769
Relocation Award	\$150,000	25-HK+-18769
Operating Award	\$4,721,431	25-HK+-18769
Veteran Units Additional Operating Award	\$1,200,000	25-HK+-18769
Homekey+ Award Total	\$32,411,744	

By signing this Acceptance of Terms and Conditions of Conditional Award, the Awardee acknowledges having read and fully understood the terms and conditions of the Conditional Award Commitment, dated October 13, 2025, in connection with the Project.

This Homekey+ Program NOFA award is under a media and public announcement embargo until released by the Office of the Governor or otherwise notified by HCD staff. HCD will provide updates on the timing of the public award announcement and provide a social media toolkit and a quote from the HCD Director for use in local media releases.

In addition, the Awardee(s) must acknowledge that it has reviewed and verified the accuracy of the project report prepared by the Department no later than ten (10) calendar days of the date of this Conditional Award Commitment.

Jeff Davis, Deputy Chief Executive Officer
San Diego Housing Commission

Date

**** For HCD Use Only ****

- ☐ Authorized Representatives Verified
- ☐ All Parties Signed

Date Received: _____

Attachment 4

PURCHASE AND SALE AGREEMENT (7798 Starling Drive, San Diego)

THIS PURCHASE AND SALE AGREEMENT (“Agreement”) is dated as of the 2nd day of May, 2025 (“Effective Date”), by and between Tusore Hospitality, Inc., a California corporation (“Seller”), and the San Diego Housing Commission (“Purchaser”).

RECITALS

A. The Seller owns that certain 90-unit hotel generally located at 7798 Starling Drive, San Diego, California 92123 (APN: 427-500-12-00), which is legally described on Exhibit A attached hereto and made a part hereof (“Real Property”).

B. The Purchaser has the power of eminent domain, the Purchaser’s acquisition of the Property falls within the scope of that eminent domain power, and the Purchaser understands that the Seller is agreeing to sell the Property under threat of condemnation referenced in the letter of intent dated March 11, 2025, in lieu of the Purchaser condemning the Property. The Property is being compulsorily or involuntarily converted and Purchaser agrees to reasonably cooperate with the Seller in structuring and documenting the sale of the Property to effect a tax deferred exchange in accordance with the provisions of Section 1033 of the Internal Revenue Code and its corresponding regulations.

C. Provided the various conditions to Closing (as defined below) set forth in this Agreement are timely satisfied, the Seller agrees to sell the Property (as defined below) to the Purchaser and the Purchaser agrees to purchase the Property from the Seller as set forth in this Agreement.

AGREEMENT

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and adequacy of which are acknowledged, the Seller and the Purchaser hereby agree as follows:

1. Purchase and Sale. In consideration of the mutual covenants set forth in this Agreement, the Purchaser will acquire all of the Property, on the terms and conditions set forth herein, provided the various conditions to Closing set forth in this Agreement are satisfied or waived as provided herein.

(a) Sale. The Seller agrees to sell the Property to the Purchaser, and the Purchaser agrees to purchase the Property from Seller, on the terms and conditions set forth herein. At Closing, the Seller shall convey the fee interest in the Real Property to the Purchaser by recordation of the Grant Deed (as defined below). The Escrow Agent shall issue the Title Policy (as defined below) to the Purchaser at Closing.

(b) Possession. The Seller shall deliver possession of the Property to Purchaser at Closing. Possession of the Property shall be delivered to Purchaser subject only to the Property Documents and the Permitted Exceptions.

2. Definitions. As used in this Agreement, the following terms shall have the following meanings:

“Agreement” means this Purchase and Sale Agreement between the Seller and the Purchaser.

“Appurtenant Rights and Interests” means collectively: (i) all rights, privileges and easements appurtenant to the Real Property, including, without limitation, all minerals, oil, gas and other hydrocarbon substances on and under the Real Property, if any; (ii) all development rights, air rights, and water rights relating to the Real Property, if any; and (iii) all easements, rights-of-way or appurtenances which run with the Real Property, if any; and (iv) all of the Seller’s right, title and interest in and to any agreements, maps, permits, certificates, approvals, awards, deposits, licenses, utilities, government entitlements and other rights and privileges relating to or appurtenant to the Property, if any.

“Assignment” means the Assignment of Personal Property and Assignment and Assumption of Contracts duly executed and acknowledged by the Seller and Purchaser, in the form attached hereto as Exhibit B and made a part hereof.

“Business Day” means any day other than a Saturday, Sunday or any other day on which Purchaser or Escrow Agent is not open for business. In the event any date, deadline or due date set forth in this Agreement falls on a day that is not a Business Day, then such deadline or due date shall automatically be extended to the next Business Day.

“Close” or “Closing” means recordation of the Grant Deed.

“Closing Date” means one (1) Business Day after the later of: (i) the date all of the Conditions Precedent for the Benefit of the Seller have been satisfied; and (ii) the date all of the Conditions Precedent for the Benefit of the Purchaser have been satisfied. The Closing shall occur on or before May 1, 2026 (*one year from the date hereof*). Notwithstanding the foregoing, if prior to such deadline, the Purchaser provides 1) at least 90 calendar day written notice to the Seller of Purchaser’s intent to extend the closing deadline, 2) a funding award letter issued by HCD, and 3) deposits an additional \$500,000.00 in Escrow (“Extension Deposit”) (collectively, “Extension Requirements”), then the Closing deadline shall be extended to November 1, 2026 (*eighteen (18) months from the date hereof*). The aforementioned Extension Deposit shall be credited against the Purchase Price and shall be nonrefundable (i.e., constitute liquidated damages in the event of Purchaser’s breach, as provided in Section 3(b)(2)). The Closing shall occur on or before the Closing Deadline.

“Closing Deadline” means May 1, 2026 (*one year from the date hereof*). Notwithstanding the foregoing, if prior to such deadline, the Purchaser satisfies the Extension Requirements as described above, then the Closing Deadline shall be extended to November 1, 2026 (*eighteen (18) months from the date hereof*).

“Conditions Precedent for the Benefit of the Seller” shall have the meaning set forth in Section 5 of this Agreement.

“Conditions Precedent for the Benefit of the Purchaser” shall have the meaning set forth in Section 6 of this Agreement.

“Contracts” shall have the meaning set forth in Section 14 of this Agreement.

“Deposit” shall have the meaning set forth in Section 3 of this Agreement.

“Due Diligence Period” means the period of time commencing on the Effective Date and ending at 5:00 p.m. Pacific time on August 31, 2025 (*120 days from the date hereof*).

“Escrow” means the escrow depository and disbursement services to be performed by Escrow Agent pursuant to the provisions of this Agreement.

“Escrow Agent” means Chicago Title Company whose mailing address is 2365 Northside Drive, 6th Floor, San Diego, CA 92108, Attention: Renee Marshall, in its capacity as escrow agent. Use of the term “Escrow Agent” does not create a general agency and does not confer on Escrow Agent any right or authority to act for Purchaser or Seller without express instructions, whether as set forth in this Agreement or otherwise.

“Excluded Property” excluding (i) property of guests, (ii) items, equipment, computers, computer software, websites, URLs or information owned by or proprietary to Seller, (iii) Seller’s accounts receivable, (iv) any property that is subject to any of the Contracts or Equipment Leases unless the applicable Contract or Equipment Lease is assumed by Purchaser at Closing, (v) any and all deposits, cash and other accounts owned or held by Seller, and (vi) any property tax refunds for the period prior to the Closing.

“Grant Deed” means a duly executed and acknowledged grant deed conveying fee simple title to the Real Property from the Seller to the Purchaser.

“Hazardous Materials” means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. Provided, however, the term “Hazardous Materials” shall not include substances typically used in the ordinary course of developing, operating and maintaining hotels in California or small amounts of chemicals, cleaning agents and the like commonly employed in routine household uses in a manner typical of occupants in other similar properties, provided that such substances are used in compliance with applicable laws.

“Immediately Available Funds” means a bank wire transfer.

“Improvements” means collectively any and all buildings, structures and improvements, of any kinds whatsoever, located at or affixed to the Real Property.

“Permitted Exceptions” means (i) the printed exceptions and exclusions in the Title Policy; (ii) the exceptions to title set forth in the Title Report which are approved by Purchaser in writing, or deemed approved by Purchaser, as provided in Section 4(d) below; (iii) real property taxes and assessments which are a lien but not yet delinquent; and (iv) any title exceptions caused, consented to or preapproved by Purchaser.

“Personal Property” means all tangible personal property owned by the Seller and located at and used in connection with, the Real Property and the Improvements, including, without limitation and all furniture fixtures and equipment at the Real Property, but specifically excluding the Excluded Property.

“Property” means collectively, the Real Property, the Improvements, the Appurtenant Rights and Interests and the Personal Property, but specifically excluding the Excluded Property.

“Property Documents” means the documents and agreements listed on Exhibit C attached hereto and made a part hereof.

“Purchase Price” shall have the meaning set forth in Section 3(a) of this Agreement.

“Purchaser” means the San Diego Housing Commission, a public agency; provided, however, if the San Diego Housing Commission assigns its interest in this Agreement pursuant to Section 10 of this Agreement, then the term “Purchaser” shall mean such assignee.

“Real Property” is defined in Recital A.

“Seller” means Tusore Hospitality, Inc., a California corporation.

“Title Policy” means a CLTA Owner’s Policy of Title Insurance in the amount of the Purchase Price, insuring that title to the fee interest in the Real Property is vested in the Purchaser, subject only to the Permitted Exceptions, which Title Policy shall be obtained through the Escrow Agent. Seller shall pay the cost of the standard CLTA Owner’s Policy of Title Insurance. Purchaser shall pay the cost of any endorsements or extra coverage it desires. Purchaser may obtain an ALTA Owner’s Policy of Title Insurance in which event Purchaser shall pay the difference between the cost of the ALTA Owner’s Policy of Title Insurance and the cost of a CLTA Owner’s Policy of Title Insurance.

“Title Report” means Preliminary Report Order No. FBSC2502526 dated as of March 13, 2025, issued by Chicago Title Insurance Company.

3. Purchase Price.

(a) Purchase Price and Payment of the Purchase Price. The total purchase price to be paid by the Purchaser for all of the Property shall be Thirty-Seven Million Three Hundred Fifty Thousand and No/100 Dollars (\$37,350,000.00) (“Purchase Price”). The Purchase Price shall be paid by the Purchaser to the Seller with Immediately Available Funds.

(b) Deposit; Liquidated Damages.

(1) Deposit. Purchaser shall make an initial deposit into Escrow of Immediately Available Funds equal to the sum of Fifty Thousand and No/100 Dollars (\$50,000.00) within five (5) Business Days of the Effective Date. Upon the expiration of the Due Diligence Period if Purchaser elects to proceed with the purchase of the Property, Purchaser shall make an additional deposit into Escrow of Immediately Available Funds equal to the sum of Four Hundred Fifty Thousand Dollars and No/100 Dollars (\$450,000.00) as an earnest money deposit, for a total deposit of Five Hundred Thousand and No/100 Dollars (\$500,000.00). In the event Purchaser elects to extend the Closing Deadline to November 1, 2026 (*one year from the date hereof*) as set forth in the definition of Closing Deadline, above, Purchaser shall make an additional deposit into Escrow of Immediately Available Funds equal to the sum of Five Hundred Thousand and No/100 Dollars (\$500,000.00) as an earnest money deposit, for a total deposit of One Million and No/100 Dollars (\$1,000,000.00). The foregoing deposits shall be referred to individually or collectively as the ("Deposit"). The Deposit shall be credited against the Purchase Price and shall be nonrefundable (i.e., constitute liquidated damages in the event of Purchaser's breach, as provided in Section 3(b)(2)) upon the expiration of the Due Diligence Period. If the Purchaser elects to terminate this Agreement prior to expiration of the Due Diligence Period, as set forth in Section 4 below, then the Deposit shall be immediately returned by Escrow Agent to the Purchaser. At Closing, the Deposit shall be released by Escrow Agent to the Seller and any interest earned on the Deposit, shall be credited in favor of the Seller against the Purchase Price as set forth in Section 3(c), below. Seller understands that Purchaser must receive a series of approvals prior to purchasing the Property (collectively, the "Approvals"): (i) Purchaser's board and (ii) if the Housing Authority of the City of San Diego elects to hear the matter, then also by resolution of the Housing Authority of the City of San Diego, in its sole discretion. The Seller hereby acknowledges that the Purchaser is prohibited by San Diego Municipal Code Section 98.0301(d)(8)(A) from purchasing the Property, without the approval of the Purchaser's board and if the Housing Authority of the City of San Diego elects to hear the matter, then also by the Housing Authority of the City of San Diego. If prior to the expiration of the Due Diligence Period the Approvals are not obtained or Purchaser cannot proceed with the purchase of the Property, this Agreement shall automatically terminate, and any Deposits remitted by Purchaser to Escrow shall be returned by Escrow Agent to the Purchaser without any further instructions or consents from the Seller or Buyer. Notwithstanding anything to the contrary set forth herein, the Deposit and any other deposits made by the Purchaser shall be fully refundable during the Due Diligence Period. After the Due Diligence Period expires, and provided the Approvals have been obtained, the Deposit of \$500,000.00 plus the additional \$500,000.00 deposit for extending the Closing Deadline, if applicable, shall be non-refundable.

(2) Independent Consideration. Notwithstanding any provision to the contrary contained in this Agreement, a portion of the initial Deposit in the amount of One Hundred and No/100 Dollars (\$100.00) (the "Independent Consideration") shall be deposited with Escrow Holder and be non-refundable to Purchaser under any circumstances as independent consideration for the rights extended to Purchaser under this Agreement. The Independent Consideration shall be released to Seller immediately following Purchaser's deposit of the Independent Consideration into Escrow. The Independent Consideration shall be applicable towards the Purchase Price.

(3) LIQUIDATED DAMAGES. THE DEPOSIT SHALL BE REFUNDABLE TO THE PURCHASER AS MAY BE EXPRESSLY PROVIDED FOR IN THIS AGREEMENT. IF ESCROW FAILS TO CLOSE AS A RESULT OF PURCHASER'S DEFAULT HEREUNDER THE SOLE REMEDY OF THE SELLER SHALL BE TO TERMINATE THIS AGREEMENT BY GIVING WRITTEN NOTICE THEREOF TO PURCHASER AND ESCROW AGENT, WHEREUPON THE SELLER SHALL RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES (AND THE SELLER WAIVES ANY RIGHT TO SPECIFICALLY ENFORCE THIS AGREEMENT SET FORTH IN CALIFORNIA CIVIL CODE SECTION 1680 OR 3389). THEREAFTER, NO PARTY HERETO SHALL HAVE ANY FURTHER LIABILITY OR OBLIGATION TO ANY OTHER PARTY HERETO EXCEPT FOR: (i) THE SELLER'S RIGHT TO RECEIVE AND RETAIN SUCH LIQUIDATED DAMAGES; (ii) THE OBLIGATION OF THE PARTIES TO PAY AMOUNTS INTO ESCROW TO PAY A PORTION OF THE FEES AND COSTS OF ESCROW AS SET FORTH IN SECTIONS 5 AND 6 BELOW; (iii) THE OBLIGATIONS SET FORTH IN SECTIONS 4(a) AND 9, BELOW; AND (iv) ATTORNEYS' FEE AS SET FORTH IN SECTION 15(k), BELOW. THE PARTIES HERETO ACKNOWLEDGE AND AGREE THAT THE SELLER'S ACTUAL DAMAGES IN THE EVENT OF PURCHASER'S DEFAULT HEREUNDER ARE UNCERTAIN IN AMOUNT AND DIFFICULT TO ASCERTAIN, AND THAT SUCH AMOUNT OF LIQUIDATED DAMAGES IS REASONABLE UNDER THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ., CONSIDERING ALL OF THE CIRCUMSTANCES EXISTING ON THE DATE HEREOF INCLUDING, WITHOUT LIMITATION, THE RELATIONSHIP OF SUCH AMOUNT TO THE RANGE OF POTENTIAL HARM TO THE SELLER THAT CAN REASONABLY BE ANTICIPATED AND THE ANTICIPATION THAT PROOF OF ACTUAL DAMAGES RESULTING FROM SUCH DEFAULT WOULD BE COSTLY AND INCONVENIENT. IN PLACING ITS INITIALS IN THE SPACE BELOW, EACH PARTY HERETO SPECIFICALLY CONFIRMS THE ACCURACY OF THE FOREGOING AND THE FACT THAT SUCH PARTY HAS BEEN REPRESENTED BY COUNSEL WHO EXPLAINED THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION. THE PROVISIONS OF THIS SECTION 3(b)(3) SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

Initial


Seller's Initials

Initial


Purchaser's Initials

(c) Delivery of Remainder of Purchase Price into Escrow. Not less than one (1) Business Day prior to the Closing Date, the Purchaser shall cause Immediately Available Funds to be delivered to the Escrow Agent in an amount equal to the Purchase Price, minus the Deposit, and plus or minus any adjustments for prorations and expenses required under this Agreement.

(d) Disbursement to the Seller. Immediately after the Closing, the Escrow Agent shall disburse to the Seller the funds that the Seller is entitled to receive under this Agreement.

4. Due Diligence Period. During the Due Diligence Period the Purchaser may determine in the Purchaser's sole and absolute discretion, whether to proceed with the purchase of the Property. During the Due Diligence Period, the Purchaser may terminate this Agreement for any reason or for no reason at all by delivering written notice of such termination to Seller and Escrow Agent.

After expiration of the Due Diligence Period, the Purchaser's right to terminate this Agreement for any reason, or for no reason at all, shall expire and the Deposit shall become nonrefundable. If this Agreement is terminated during the Due Diligence Period, then: (i) all rights and liabilities of the Purchaser and the Seller with respect to this Agreement shall immediately terminate, except for rights and liabilities that specifically survive such termination; (ii) Escrow Agent shall return to the Purchaser all funds or other things deposited in Escrow by the Purchaser, less any fees and costs charged by the Escrow Agent; and (iii) Escrow Agent shall return to the Seller all funds or other things deposited in Escrow by the Seller.

(a) Access and Cooperation. During the Due Diligence Period, the Purchaser and its representatives, consultants and attorneys shall have access to the Real Property and the Improvements, subject to the rights of occupants and subject to scheduling an appointment with Seller, which shall not be unreasonably delayed, withheld or rejected. Purchaser and Seller shall cooperate in order to allow for and ensure the minimum disturbance to occupants. All inspections shall be consistent with all applicable laws, rules and regulations regarding coronavirus risks, including, without limitation, social distancing, the maximum number of Purchaser representatives in any unit at any time, the wearing of face masks and the appropriate evaluation of the health of those conducting inspections. Seller shall make commercially reasonable efforts to provide Purchaser with access to all units subject to the consent of each occupant and the compliance by Purchaser and its representatives of all laws, rules and regulations regarding coronavirus risks, however Seller's inability to provide such access shall not be a default hereunder and shall not provide Purchaser with additional rights not otherwise expressed in this Agreement. Purchaser shall indemnify and defend the Seller, and shall hold the Seller, the Seller's agents and employees and the Real Property harmless from, any actions, losses, costs, damages, claims and/or liabilities, including but not limited to, mechanics' and materialmen's liens and attorney fees, proximately caused by the actions of Purchaser and/or its contractors or agents (including Purchaser's Consultants) upon the Property. The Purchaser shall not permit any mechanic's, materialman's, contractor's, subcontractor's or other lien arising from any work done by the Purchaser or its agents pursuant to this Agreement to stand against the Property. If any such lien shall be filed against the Property, the Purchaser shall cause the same to be discharged or bonded by payment, deposit, bond or otherwise within fifteen (15) days after actual notice of such filing. The Purchaser's obligations under this Section 4(a) shall survive the termination or expiration of this Agreement. If Purchaser desires to do any invasive testing at the Property, the Purchaser may do so only after obtaining Seller's prior written consent to the same, which consent may be withheld or granted on conditions in Seller's sole discretion. Within 48 hours of any damage created by Purchaser's tests or inspections, Purchaser shall endeavor to restore the Property to the condition the Property was in immediately prior to any tests or inspections conducted pursuant to this Section 4(a), at the Purchaser's sole cost and expense. The Purchaser shall provide the Seller with a complete set of plans, drawings and specifications ("Invasive Testing Plans") that define to the sole satisfaction of the Seller the invasive testing to be performed on the Property and the names of all environmental and other consultants, contractors and subcontractors who will be performing such invasive testing (collectively "Purchaser's Consultants"). The Purchaser shall deliver the names of the Purchaser's Consultants and the Invasive Testing Plans to the Seller concurrently with its request to the Seller that the Purchaser desires to perform invasive testing (unless the names of Purchaser's Consultants have previously been provided to the Seller). Before any of Purchaser's Consultants or other contractors, consultants or agents acting for or on behalf of Purchaser enter onto the Property,

Purchaser shall furnish to Seller evidence that the Purchaser's Consultant or other contractor, consultant or agent of Purchaser has procured commercial general liability insurance from an insurer authorized to do business in the State of California, which is reasonably acceptable to Seller, insuring against claims for bodily injury, death or damage to property in a single limit amount of not less than \$1,000,000.00, endorsed to name Seller as an additional insured.

(b) Due Diligence Deliveries. Not later than five (5) Business Days after execution and delivery of this Agreement to the Escrow Agent, the Seller shall provide, to the extent in Seller's possession or control, the Purchaser with physical copies or digital copies (e.g. a pdf, tif or jpg file) of all documents evidencing Property Documents by physical delivery, "dropbox" or similar on-line data site, email or on a memory medium. If this Agreement is terminated before Closing, the Purchaser shall return all copies to the Seller; however, if any such information was delivered or made available to the Purchaser in electronic form, the Purchaser shall (i) delete all copies thereof so that the same cannot be retrieved; and (ii) certify to the Seller in writing under penalty of perjury that such deletion has been effected.

(c) Occupant Noticing and Relocation Costs. Certain State and Federal relocation laws may be applicable to the Purchaser, as a public agency, which would require the Purchaser to provide certain notices to the occupants of the Property. Within five (30) calendar days prior to the Closing Date, the Seller shall provide the names and addresses of all occupants of the Property, if any, to the Purchaser. The Seller agrees to allow the Purchaser to provide any and all notices to occupants of the Property that are required in order for the Purchaser to comply with any applicable laws; provided, however, prior to delivering notices to any occupants of the Property, the Purchaser shall submit a sample of the notice to the Seller for the Seller's review and written approval, which approval shall not be unreasonably withheld, conditioned or delayed. Purchaser shall bear all responsibility for complying with such notice requirements and shall bear all relocation costs and expenses payable to occupants under applicable laws.

(d) Title. Purchaser's obligation to Close is contingent upon Purchaser's approval of all matters affecting title to or use of the Real Property (collectively, "Title Matters"). The intent of this Section 4(d) is to allow the parties to have certainty regarding the condition of title and the Title Matters which are acceptable to the Purchaser. The procedure set forth in this Section 4(d) shall not affect or otherwise limit the Purchaser's right to terminate this Agreement for any reason or no reason at all as set forth in Section 4, above. Purchaser shall have until the Due Diligence Period expires to approve or object to any items disclosed by the Title Report. If Purchaser does not give written notice to Seller of Purchaser's approval or disapproval of any items disclosed by the Title Report within said time period, then Purchaser shall be deemed to have disapproved the items disclosed by the Title Report. If Purchaser gives written notice to Seller of Purchaser's disapproval of any items disclosed by the Title Report within said time period and Seller does not give written notice to Purchaser within ten (10) business days thereafter of either: (i) Seller's elimination of or agreement to eliminate those disapproved matters prior to the Closing; or (ii) Seller's agreement to provide at Seller's sole expense such title insurance endorsements relating thereto as are acceptable to Purchaser in Purchaser's sole discretion prior to the Closing (each, a "Cure Notice"), then this Agreement shall terminate immediately, unless Purchaser affirmatively agrees in writing within five (5) calendar days thereafter that this Agreement will remain in full force and effect and that the previously disapproved items disclosed by the Title Report shall be

deemed approved by Purchaser. If Title Company issues a supplemental title report prior to the Closing showing additional exceptions to title (a "Title Supplement"), Purchaser shall have five (5) Business Days from the date of receipt of the Title Supplement and a copy of each document referred to in the Title Supplement in which to give Seller written notice of disapproval as to any additional exceptions; provided, however, Purchaser may not disapprove any exceptions that were contained in the original Title Report or are otherwise Permitted Exceptions. Purchaser's failure to deliver any such written notice of disapproval within such five (5) Business Day period shall be deemed to mean that Purchaser has approved all such additional exceptions. If Purchaser disapproves any additional exception shown in the Title Supplement, then Purchaser and Seller will have the same rights and obligations set forth above in this Section regarding Purchaser's original review and approval of the Title Report. Notwithstanding the foregoing, Seller shall cause all Title Matters which are mechanics' liens or deeds of trust to be eliminated as exceptions to title on the Title Policy at Seller's sole expense prior to the Closing, and shall not record any documents against the Real Property from and after the Effective Date without Purchaser's prior written consent.

(e) Entitlements and Financing. Unless and until this Agreement is terminated as provided herein or until the Closing, Purchaser shall have the right: (a) to seek and process all applications, plans (including, without limitation, improvement, site and specific plans), drawings, specifications, permits (including, without limitation, environmental permits), licenses, maps, zoning changes, amendments (including, without limitation, general plan amendments), entitlements, approvals, agreements, documents and other instruments, and any modifications or changes thereto, that Purchaser deems necessary or appropriate (collectively, the "Entitlements") from the City of San Diego, County of San Diego and any other governmental or quasi-governmental entities or agencies (collectively, the "Governmental Authorities") for the design, development, construction, use and operation of the Property as intended by Purchaser, and (b) to obtain commitments satisfactory to Purchaser to finance the acquisition of the Property and to finance the design, development, construction, use and operation of the Property as intended by Purchaser, including, without limitation, the receipt by Purchaser of an acceptable funding award letter issued by HCD under its Homekey+ Program in response to Purchaser's application therefor. Purchaser's right to process and obtain the Entitlements under this Section shall include, without limitation, the right to (x) meet with the Governmental Authorities, (y) negotiate any and all applicable fees, including, without limitation, impact fees, engineering fees and plan check fees in connection, and (z) submit to the Governmental Authorities for approval architectural and other plans. Seller agrees to allow Purchaser access to the Property and reasonably cooperate with Purchaser, at no cost or liability to Seller, in connection with its processing of the Entitlements. Following any request from Purchaser, Seller agrees, at no cost or liability to Seller, to promptly execute any applications, letters, documents and/or maps required or requested by any of the Governmental Authorities and/or the adjoining real property owners to allow Purchaser to process the Entitlements. Purchaser shall bear all costs, expenses and liability related to the preparation and processing of the Entitlements and any related applications, reports, plans, maps, letters and other documents. No Entitlements or other agreements with the Governmental Authorities and/or adjoining property owners shall bind the Property prior to the Closing or cause any liability to Seller. Seller acknowledges that Purchaser makes no representations, warranties or guaranties as to whether the Entitlements will be pursued or obtained, as to the actual timing for receipt of any Entitlements, or with respect to the conditions imposed upon the Entitlements, or with respect to

challenges or opposition Purchaser may encounter related to its proposed use of the Property. In the event this Agreement is terminated for any reason, Purchaser shall have no obligation whatsoever to continue to process any Entitlements; however, Purchaser shall ensure that any pending Entitlements are extinguished.

5. Conditions Precedent for the Benefit of the Seller. The Seller's obligation to Close shall be conditioned upon the satisfaction or emailed or written waiver by the Seller of all of the conditions precedent ("Conditions Precedent for the Benefit of the Seller") set forth in this Section 5. Any of the Conditions Precedent for the Benefit of the Seller may be waived by the Seller unilaterally; and if so waived, such conditions shall be of no further effect hereunder. Any such waiver shall be effective only if the same is expressly waived (i) by email from the Seller to the Purchaser and Escrow Agent; or (ii) in a writing signed by the Seller and delivered to the Purchaser and Escrow Agent. If the Conditions Precedent for the Benefit of the Seller are not satisfied by the deadlines set forth in this Section 5 or expressly waived, the Seller (provided the Seller is not in default hereunder) may provide emailed or written notice of the Seller's conditional termination of this Agreement to the Purchaser and Escrow Agent. After receipt of such notice of conditional termination, the Purchaser shall have ten (10) Business Days to cure any non-satisfaction of a condition or other default specified in the notice of conditional termination. If such matter remains unsatisfied or the default remains uncured after the expiration of such ten (10) Business Day period, then this Agreement shall terminate at the close of business on such tenth (10th) Business Day. In the event of termination of this Agreement (and by operation of law the Escrow) pursuant to this Section 5, then: (x) as set forth in the liquidated damages provision of Section 3(b)(2), above, all rights and liabilities of the Purchaser and the Seller with respect to this Agreement shall immediately terminate except those which specifically survive such termination; (y) Escrow Agent shall deliver the Deposit and all interest thereon to the Seller and shall return to the Seller all funds or other things deposited in Escrow by the Seller; and (z) Escrow Agent shall return to the Purchaser all funds or other things deposited in Escrow by the Purchaser, less the Deposit and all interest thereon, and less all fees and costs charged by the Escrow Agent. Notwithstanding the preceding clause (x) of this Section 5, in the event of termination of this Agreement pursuant to this Section 5, the Seller and the Purchaser shall cooperate with one another, execute all documents reasonably necessary and take all reasonable steps as may be required by Escrow Agent in order to accomplish the purposes of this Section 5. The Conditions Precedent for the Benefit of the Seller are:

- (a) Purchaser making the Deposit into Escrow, as set forth in Section 3(b)(1), above.
- (b) The delivery by the Purchaser into Escrow at least one (1) Business Day prior to Closing of Immediately Available Funds equal to the Purchase Price (less the Deposit and plus or minus expenses and prorations) as required by Section 3(c) above.
- (c) The delivery by the Purchaser into Escrow at least one (1) Business Day prior to Closing of all other documents and instruments required by this Agreement or reasonably required by Escrow to complete the Closing.
- (d) As of the Closing Date, Purchaser is not in default of any of its representations or warranties or covenants under this Agreement, or any other material terms or conditions related to

Purchaser, and all of the Purchaser's representations and warranties under this Agreement are true and correct as of the Closing Date.

(e) As of the Closing Date, the Purchaser has not made an assignment for the benefit of creditors, filed a bankruptcy petition, been adjudicated insolvent or bankrupt, petitioned a court for the appointment of any receiver of, or trustee for, the Purchaser, or commenced any proceeding relating to the Purchaser under any reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or later in effect.

6. Conditions Precedent for the Benefit of the Purchaser. The Purchaser's obligation to Close shall be conditioned upon the satisfaction or emailed or written waiver by the Purchaser of all of the conditions precedent ("Conditions Precedent for the Benefit of the Purchaser") set forth in this Section 6. Any of the Conditions Precedent for the Benefit of the Purchaser may be waived by the Purchaser unilaterally; and if so waived, such conditions shall be of no further effect hereunder. Any such waiver shall be effective only if the same is (i) expressly waived by email from the Purchaser to the Seller and Escrow Agent; or (ii) or in writing signed by the Purchaser and delivered to the Seller and Escrow Agent. If the Conditions Precedent for the Benefit of the Purchaser are not satisfied by the deadlines set forth in this Section 6 or expressly waived, the Purchaser (provided the Purchaser is not in default hereunder) may provide emailed or written notice of the Purchaser's conditional termination of this Agreement to the Seller and Escrow Agent. After receipt of such notice of conditional termination, the Seller shall have ten (10) Business Days to cure any non-satisfaction of a condition or other default specified in the notice of conditional termination. If such matter remains unsatisfied or the default remains uncured after the expiration of such ten (10) Business Day period, then this Agreement shall terminate at the close of business on such tenth (10th) Business Day. In the event of termination of this Agreement (and by operation of law the Escrow) pursuant to this Section 6, then: (w) the same shall be a default by the Seller; (x) Escrow Agent shall return to the Seller all funds or other things deposited in Escrow by the Seller; (y) Escrow Agent shall upon receipt of unilateral notice from the Purchaser, return to the Purchaser all funds or other things deposited in Escrow by the Purchaser, including, without limitation, the Deposit and all interest thereon; and (z) all fees and costs charged by the Escrow Agent shall be paid by the Seller. Purchaser is not waiving any default by the Seller and nothing contained in this Section 6, including, without limitation, the immediately foregoing sentence shall be a waiver of any right of Purchaser to recover damages from the Seller for any default by Seller hereunder. Notwithstanding the foregoing clause (w) of this Section 6, in the event of termination of this Agreement pursuant to this Section 6, the Purchaser and the Seller shall cooperate with one another, execute all documents reasonably necessary and take all reasonable steps as may be required by Escrow Agent in order to accomplish the purposes of this Section 6. The Conditions Precedent for the Benefit of Purchaser are:

(a) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of the Grant Deed duly executed and acknowledged by the Seller, conveying fee simple title to the Property to the Purchaser.

(b) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of the Assignment, duly executed, conveying title to the Personal Property to the Purchaser.

(c) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of a duly executed affidavit in the form prescribed by federal regulations that Seller is not a foreign person and is a "United States Person" as such term is defined in Section 7761(a)(30) of the Internal Revenue Code of 1986, as amended.

(d) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of a duly executed California Form 593(c) or other evidence that withholding of any portion of the Purchase Price is not required by the Revenue and Taxation Code of California.

(e) The deposit by the Seller into Escrow at least one (1) Business Day prior to Closing of all additional documents and instruments as are reasonably required by the Escrow Agent to complete the Closing.

(f) As of the Closing Date, no lease, tenancy or occupancy agreement exists which affects the Property, except for the, Property Documents and the Permitted Exceptions.

(g) Except as described in Recital B, as of the Closing Date, there is no pending, or threatened to be pending, any action or proceeding by any person or before any government authority, the outcome of which could prohibit the use of the Property as intended by the Purchaser.

(h) The Escrow Agent is prepared and obligated to issue the Title Policy in Purchaser's favor, upon the recordation of the Grant Deed and there are no exceptions to the Title Policy, except for the Permitted Exceptions.

(i) As of the Closing Date, Seller is not in default of any of its representations or warranties under this Agreement, or any other material terms or conditions related to Seller, and all of Seller's representations and warranties under this Agreement are true and correct as of the Closing Date.

(j) The State of California Department of Housing and Community Development has awarded HomeKey+ funds to the Purchaser for Purchaser's acquisition of the Property.

7. Representations, Warranties and Covenants; Waivers and Releases; Seller Default. When making the representations and warranties set forth in this Section 7, each party making a representation and/or warranty represents that the same are true, correct and complete as of the date hereof and shall be and are true, correct and complete as of the Closing Date. The representations and warranties shall survive the Closing.

(a) Representations and Warranties Regarding Authority. The Seller and the Purchaser each hereby represents and warrants to the other that this Agreement and all documents or instruments executed by them which are to be delivered at or prior to the Closing are, or on the Closing Date will be, duly authorized, executed and delivered by the Seller or the Purchaser, as applicable.

(b) Representations and Warranties Regarding Enforceability of Agreement. The Seller and the Purchaser each hereby represents and warrants to the other that this Agreement and

all documents required hereby to be executed by them shall be valid, legally binding obligations of, and enforceable against, the Seller or the Purchaser, as applicable, in accordance with their terms.

(c) Seller Representations and Warranties Pertaining to Legal Matters. The Seller hereby represents and warrants to the Purchaser that:

(1) The Seller is the sole owner of title to the Property; and

(2) There is no pending or threatened proceeding in eminent domain or otherwise, which would affect the Property, or any portions thereof, nor any facts which might give rise to such action or proceeding.

(d) Seller Representations and Warranties Pertaining to Options. As of the Effective Date, the Seller hereby represents and warrants to the Purchaser that no person has any option or right of first refusal to purchase the Property or any parts thereof.

(e) Seller Representation and Warranty Pertaining to Occupancy. The Seller hereby represents and warrants to the Purchaser that there will be no occupancy or leasing agreements by which the Purchaser would be bound following the Closing.

(f) Seller Representation and Warranty Regarding Operation of the Property. The Seller hereby represents and warrants to the Purchaser that the Property Documents and the Permitted Exceptions constitute all of the oral and written agreements or understandings concerning the Property by which the Purchaser would be bound following the Closing.

(g) Seller Representations and Warranties Regarding Discovery of New Information. The Seller hereby represents and warrants to the Purchaser that if the Seller discovers any information or facts prior to Closing that would materially change any of the foregoing representations and warranties or cause any of the foregoing representations and warranties to be untrue or misleading in any respect, the Seller will promptly give the Purchaser notice of those facts and information.

(h) AS-IS CONDITION. PURCHASER HEREBY ACKNOWLEDGES, REPRESENTS, WARRANTS, COVENANTS AND AGREES THAT AS A MATERIAL INDUCEMENT TO SELLER TO EXECUTE AND ACCEPT THIS AGREEMENT AND IN CONSIDERATION OF THE PERFORMANCE BY SELLER OF ITS DUTIES AND OBLIGATIONS UNDER THIS AGREEMENT THAT, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, AND SUBJECT TO SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 7 OF THIS AGREEMENT, THE SALE OF THE PROPERTY HEREUNDER IS AND WILL BE MADE ON AN "AS-IS, WHERE-IS" BASIS, AND SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT, FUTURE OR OTHERWISE, OF, AS TO, CONCERNING OR WITH RESPECT TO: (1) THE EXISTENCE

OF HAZARDOUS MATERIALS OR MOLD UPON THE PROPERTY OR ANY PORTION THEREOF; (2) GEOLOGICAL CONDITIONS, INCLUDING, WITHOUT LIMITATION, SUBSIDENCE, SUBSURFACE CONDITIONS, WATER TABLE, UNDERGROUND WATER RESERVOIRS, LIMITATIONS REGARDING THE WITHDRAWAL OF WATER AND FAULTING; (3) WHETHER OR NOT AND TO THE EXTENT TO WHICH THE PROPERTY OR ANY PORTION THEREOF IS AFFECTED BY ANY STREAM (SURFACE OR UNDERGROUND), BODY OF WATER, FLOOD PRONE AREA, FLOOD PLAIN, FLOODWAY OR SPECIAL FLOOD HAZARD; (4) DRAINAGE; (5) SOIL CONDITIONS, INCLUDING THE EXISTENCE OF INSTABILITY, PAST SOIL REPAIRS, SOIL ADDITIONS OR CONDITIONS OF SOIL FILL, OR SUSCEPTIBILITY TO LANDSLIDES, OR THE SUFFICIENCY OF ANY UNDERSHORE; (6) USES OF ADJOINING PROPERTIES; (7) THE VALUE, COMPLIANCE WITH THE PLANS AND SPECIFICATIONS, SIZE, LOCATION, AGE, USE, DESIGN, QUALITY, DESCRIPTION, DURABILITY, STRUCTURAL INTEGRITY, OPERATION, TITLE TO, OR PHYSICAL OR FINANCIAL CONDITION OF THE PROPERTY OR ANY PORTION THEREOF, OR ANY RIGHTS OR CLAIMS ON OR AFFECTING OR PERTAINING TO THE PROPERTY OR ANY PART THEREOF, INCLUDING, WITHOUT LIMITATION, WHETHER OR NOT THE IMPROVEMENTS COMPLY WITH THE REQUIREMENTS OF TITLE III OF THE AMERICANS WITH DISABILITIES ACT OF 1990, 42 U.S.C. §§ 12181-12183, 12186(B) - 12189 AND RELATED REGULATIONS; (8) THE PRESENCE OF HAZARDOUS MATERIALS IN, ON, UNDER OR IN THE VICINITY OF THE PROPERTY; (9) THE SQUARE FOOTAGE OF THE PROPERTY; (10) IMPROVEMENTS AND INFRASTRUCTURE, INCLUDING, WITHOUT LIMITATION, THE CONDITION OF THE ROOF, FOUNDATION, FIXTURES, AND PERSONAL PROPERTY; (11) DEVELOPMENT RIGHTS, ENTITLEMENTS, EXACTIONS AND EXTRACTIONS; (12) WATER OR WATER RIGHTS; (13) THE DEVELOPMENT POTENTIAL FOR THE PROPERTY; (14) THE ABILITY OF PURCHASER TO REZONE THE REAL PROPERTY OR CHANGE THE USE OF THE PROPERTY; (15) THE ABILITY OF PURCHASER TO ACQUIRE ADJACENT PROPERTIES; (16) THE EXISTENCE AND POSSIBLE LOCATION OF ANY UNDERGROUND UTILITIES; (17) THE EXISTENCE AND POSSIBLE LOCATION OF ANY ENCROACHMENTS; (18) WHETHER THE IMPROVEMENTS WERE BUILT, IN WHOLE OR IN PART, IN COMPLIANCE WITH APPLICABLE BUILDING CODES; (19) THE STATUS OF ANY LIFE-SAFETY SYSTEMS IN THE IMPROVEMENTS; (20) THE CHARACTER OF THE NEIGHBORHOOD IN WHICH THE PROPERTY IS SITUATED; (21) THE CONDITION OR USE OF THE PROPERTY OR COMPLIANCE OF THE PROPERTY WITH ANY OR ALL PAST, PRESENT OR FUTURE FEDERAL, STATE OR LOCAL ORDINANCES, RULES, REGULATIONS OR LAWS, BUILDING, FIRE OR ZONING ORDINANCES, CODES OR OTHER SIMILAR LAWS, INCLUDING ANY APPLICABLE PLUMBING RETROFIT REQUIREMENTS AND ANY APPLICABLE ENERGY-RELATED REQUIREMENTS; (22) THE MERCHANTABILITY OF THE PROPERTY OR FITNESS OF THE PROPERTY FOR ANY PARTICULAR PURPOSE (PURCHASER AFFIRMING THAT PURCHASER HAS NOT RELIED ON SELLER'S SKILL OR JUDGMENT TO SELECT THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT SELLER MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE); AND/OR (23) THE SUITABILITY OF THE PROPERTY FOR CONDOMINIUM CONVERSION. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY SET

FORTH IN THIS AGREEMENT, SELLER IS NOT RELEASED FROM ANY LIABILITY TO PURCHASER FOR FRAUD OR BREACH OF ANY COVENANT, REPRESENTATION OR WARRANTY EXPRESSLY SET FORTH IN THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THIS SECTION 7(H), ANY RIGHT WAIVED BY PURCHASER AND ANY RELEASE BY PURCHASER, SHALL ONLY RELEASE OR WAIVE THE PURCHASER'S RIGHTS TO ENFORCE ANY JUDGMENT PERSONALLY AGAINST THE SELLER AND SELLER'S SUCCESSORS, ASSIGNS, OFFICERS, DIRECTORS, SHAREHOLDERS, PARTICIPANTS, PARTNERS, MEMBERS, MANAGERS, AFFILIATES, EMPLOYEES, REPRESENTATIVES, INVITEES, CONTRACTORS, CONSULTANTS AND AGENTS (COLLECTIVELY, THE "SELLER PARTIES") OR ANY OF THEM. PURCHASER IS NOT WAIVING ANY RIGHT TO BRING ANY ACTION AGAINST ANY OF THE "NON-RELEASED PARTIES" (DEFINED BELOW) (I) BASED ON A THEN-EXISTING WARRANTY OF A NON-RELEASED PARTY FOR WORK PERFORMED AT THE REAL PROPERTY BEFORE THE CLOSING OR MATERIALS OR EQUIPMENT SUPPLIED TO THE REAL PROPERTY BEFORE THE CLOSING, INCLUDING RECOVERY AGAINST ANY INSURANCE POLICY OF THE NON-RELEASED PARTY; OR (II) IF THE NON-RELEASED PARTY IS AN OCCUPANT, BASED ON A PRE-CLOSING BREACH OF THE OCCUPANT'S OCCUPANCY AGREEMENT. **"NON-RELEASED PARTIES"** MEANS PERSONS PERFORMING WORK AT THE REAL PROPERTY BEFORE THE CLOSING (OTHER THAN SELLER OR ANY OF THE SELLER PARTIES) AND/OR ANY INSURANCE POLICIES HELD BY ANY OR ALL SUCH PERSONS AND THE OCCUPANTS.

PURCHASER ACKNOWLEDGES THAT AS OF THE EXPIRATION OF THE DUE DILIGENCE PERIOD, PURCHASER SHALL HAVE COMPLETED ALL PHYSICAL AND FINANCIAL EXAMINATIONS RELATING TO THE ACQUISITION OF THE PROPERTY HEREUNDER (IT BEING ACKNOWLEDGED AND AGREED THAT PURCHASER SHALL BE DEEMED TO HAVE INSPECTED EACH UNIT WITHIN THE PROPERTY) AND WILL ACQUIRE THE SAME SOLELY ON THE BASIS OF SUCH EXAMINATIONS AND THE TITLE INSURANCE PROTECTION FOR THE PROPERTY AFFORDED BY THE TITLE POLICY, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, AND SUBJECT TO SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 7 OF THIS AGREEMENT. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION PROVIDED OR TO BE PROVIDED WITH RESPECT TO THE PROPERTY WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT THE SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, AND SUBJECT TO THE SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT. SELLER SHALL NOT BE LIABLE FOR ANY NEGLIGENT MISREPRESENTATION OR FAILURE TO INVESTIGATE THE PROPERTY NOR SHALL SELLER BE BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS, APPRAISALS, ENVIRONMENTAL ASSESSMENT REPORTS, OR OTHER INFORMATION PERTAINING TO THE PROPERTY OR THE OPERATION THEREOF, FURNISHED BY SELLER, OR ANY REAL ESTATE BROKER, AGENT, REPRESENTATIVE, EMPLOYEE, SERVANT OR

OTHER PERSON ACTING ON SELLER'S BEHALF. IT IS ACKNOWLEDGED AND AGREED THAT THE PROPERTY IS SOLD BY SELLER AND PURCHASED BY PURCHASER SUBJECT TO THE FOREGOING. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, SELLER IS NOT RELEASED FROM ANY LIABILITY TO PURCHASER FOR FRAUD OR BREACH OF ANY COVENANT, REPRESENTATION OR WARRANTY SET FORTH IN THIS AGREEMENT.

PURCHASER HEREBY ACKNOWLEDGES AND AGREES THAT PURCHASER IS FULLY AWARE OF THE AGE OF THE PROPERTY, THAT OVER TIME VARIOUS EVENTS MAY HAVE OCCURRED ON THE PROPERTY WHICH EVENTS MAY BE TYPICAL AND/OR ATYPICAL OF EVENTS OCCURRING TO OTHER PROPERTIES OF SIMILAR AGE TO THE PROPERTY AND SIMILARLY LOCATED IN THE CITY OF SAN DIEGO AND/OR THE COUNTY OF SAN DIEGO, CALIFORNIA, AND THAT SUCH EVENTS MAY INCLUDE, WITHOUT LIMITATION, SLAB LEAKS, MOLD, FIRE, SHIFTING, AND VIOLATIONS OF LAWS, ORDINANCES, RULES, REGULATIONS, PERMITS, APPROVALS, LICENSES AND/OR ORDERS OF GOVERNMENTAL AGENCIES WITH JURISDICTION OVER THE PROPERTY.

THE CLOSING OF THE PURCHASE OF THE PROPERTY BY PURCHASER HEREUNDER SHALL BE CONCLUSIVE EVIDENCE THAT: (A) PURCHASER HAS FULLY AND COMPLETELY INSPECTED (OR HAS CAUSED TO BE FULLY AND COMPLETELY INSPECTED) THE PROPERTY; AND (B) PURCHASER ACCEPTS THE PROPERTY AS BEING IN GOOD AND SATISFACTORY CONDITION AND SUITABLE FOR PURCHASER'S PURPOSES.

WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT FOR RELIANCE ON THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, PURCHASER SHALL PERFORM AND RELY SOLELY UPON ITS OWN INVESTIGATION CONCERNING ITS INTENDED USE OF THE PROPERTY, AND THE PROPERTY'S FITNESS THEREFOR. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT SELLER'S COOPERATION WITH PURCHASER WHETHER BY PROVIDING DOCUMENTS RELATING TO THE PROPERTY OR PERMITTING INSPECTION OF THE PROPERTY, SHALL NOT BE CONSTRUED AS ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OF ANY KIND WITH RESPECT TO THE PROPERTY, OR WITH RESPECT TO THE ACCURACY, COMPLETENESS, OR RELEVANCE OF THE DOCUMENTS PROVIDED TO PURCHASER BY SELLER IN RELATION TO THE PROPERTY, PROVIDED THAT THE FOREGOING SHALL NOT BE A LIMITATION OR MODIFICATION OF THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT.

Initial


SELLER'S INITIALS

Initial


PURCHASER'S INITIALS

(i) Indemnity and Release.

(1) Indemnity. For the purposes of this Section 7(i), the term “Claims” shall mean any and all claims, obligations, liabilities, causes of action, suits, debts, liens, damages, judgments, losses, demands, orders, penalties, settlements, costs and expenses (including, without limitation, attorneys’ fees and costs and any and all costs and expenses related to, whether directly or indirectly, any and all clean-up, remediation, investigations, monitoring, abatement, mitigation measures, fines or removal with respect to Hazardous Materials) of any kind or nature whatsoever. The definition of “Claims” shall include, without limitation, Claims under contract law or tort law. Each and every provision of this Section 7(i) shall survive the Closing. Purchaser acknowledges that but for Purchaser’s agreement to each and every provision of this Section 7(i), Seller would not have entered into this Agreement. Purchaser, on behalf of itself, its successors, assigns and successors-in-interest (“Successors”), hereby agrees to indemnify, defend and hold Seller and each and all of the Seller Parties (defined in Section 7(h)) harmless from any and all Claims resulting from, related to, or based upon, whether directly or indirectly: (i) the breach by Purchaser of any representation, warranty, covenant or obligation contained in this Agreement, or in any other agreement, document, exhibit or instrument related hereto or referenced herein; (ii) any Claim or Claims, if the basis of such Claim or Claims arose on or after the Closing, and if the basis of such Claim or Claims arose from, is based upon, relates to or pertains to, whether directly or indirectly, the ownership, operation, management and use of the Property; (iii) any Claim or Claims which Claim or Claims (or the basis for which) arose from, is based upon, relates to or pertains to, whether directly or indirectly, any act or omission of Purchaser; (iv) (A) any Claim or Claims that relate to the condition of the Property on or after the Closing, including any judgment, order or settlement under or otherwise pursuant to a lawsuit, and (B) any Claim or Claims that relate to defects in the Property (including, without limitation, patent and latent construction defects), regardless of whether said defects or the cause of the same arose either before or after the Closing, including any judgment, order or settlement under or otherwise pursuant to a lawsuit; and (v) any express or implied indemnity including equitable comparative indemnity arising out of any condominium conversion of the Property including any Claims arising out of alleged construction defects made by unit purchasers, the homeowners association or Purchaser. Any defense of any or all of the Seller Parties referenced in this Section 7(i)(1), shall be at the Purchaser’s sole cost and expense and by counsel selected by the Purchaser, subject to the reasonable approval of the indemnified person, which counsel may, without limiting the rights of any of the Seller Parties pursuant to the next succeeding sentence of this Section 7(i)(1), also represent the Purchaser in such investigation, action or proceeding. If Seller or any of the Seller Parties that is being indemnified determines reasonably and in good faith that its defense by the Purchaser is reasonably likely to cause a conflict of interest or is being conducted in a manner which is prejudicial to Seller’s or the Seller Party’s interests, such indemnified person may elect to conduct its own defense through counsel of its own choosing, subject to the reasonable approval of the Purchaser, and at the expense of the Purchaser. Purchaser hereby waives any right of subrogation as to Seller or the Seller Parties. Each and every provision of this Section 7 shall survive the Closing and but for Purchaser’s agreement to each and every provision of this Section 7, Seller would not have entered into this Agreement.

(2) Release. Notwithstanding the following or anything to the contrary set forth in this Agreement, the Seller is not released from any liability to the Purchaser for fraud or breach

of any covenant or warranty set forth in this Agreement. Subject to the immediately preceding sentence and the Purchaser's right to rely on the Seller's representations and warranties, Purchaser for itself and on behalf of each of its successors (collectively, the "Releasors") by this general release of known and unknown claims (this "Release") hereby irrevocably and unconditionally release and forever discharge Seller and each of the Seller Parties (collectively, the "Releasees") or any of them, from and against any and all Claims of any kind or nature whatsoever, **WHETHER KNOWN OR UNKNOWN**, suspected or unsuspected, fixed or contingent, liquidated or unliquidated which any of the Releasors now have, own, hold, or claim to have had, owned, or held, against any of the Releasees arising from, based upon or related to, whether directly or indirectly any facts, matters, circumstances, conditions or defects (whether patent or latent) of all or any kinds, related to, arising from, or based upon, whether directly or indirectly, the Property, including, without limitation, (i) the physical condition, quality and state of repair of the Property; (ii) any latent or patent defect affecting the Property, (iii) the presence of Hazardous Materials in, on, about or under the Real Property or which have migrated from adjacent lands to the Real Property or from the Real Property to adjacent lands, and (iv) any express or implied indemnity including equitable comparative indemnity arising out of any condominium conversion of the Property including any Claims arising out of alleged construction defects made by unit purchasers, the homeowners association or Purchaser.

(3) Section 1542 Waiver. Except for Claims for Seller's fraud or the breach of any covenants, representations and warranties of the Seller provided in this Agreement, Releasors hereby further agree as follows:


(A) Releasors acknowledge that there is a risk that subsequent to the execution of this Agreement, Releasors may discover, incur, or suffer from Claims which were unknown or unanticipated at the time this Release is executed, including, without limitation, unknown or unanticipated Claims which, if known by Releasors on the date this Release is being executed, may have materially affected Releasors' decision to execute this Agreement. Releasors acknowledge that Releasors are assuming the risk of such unknown and unanticipated Claims and agree that this Release applies thereto. Releasors expressly waive the benefits of Section 1542 of the California Civil Code, which reads as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

(B) Releasors represent and warrant that Releasors have been represented by independent counsel of Releasors' own choosing in connection with the preparation and review of the Release set forth herein, that Releasors have specifically discussed with such counsel the meaning and effect of this Release and that Releasors have carefully read and understand the scope and effect of each provision contained herein. Releasors further represent and warrant that Releasors do not rely and have not relied upon any representation or statement made by any of the Releasees or any of their representatives, agents, employees, attorneys or officers with regard to the subject matter, basis or effect of this Release.

(C) Releasors represent and warrant to Releasees that Releasors have not and shall not assign or transfer or purport to assign or transfer any Claim or Claims or any portion thereof or any interest therein, and shall indemnify, defend, and hold the Releasees harmless from and against any Claim or Claims based on or arising out of, whether directly or indirectly, any such assignment or transfer, or purported assignment or transfer.


SELLER'S INITIALS


PURCHASER'S INITIALS

It is specifically intended that each of the Seller Parties shall be third party beneficiaries of Section 7(h) and Section 7(i).

8. Condemnation.

(a) Condemnation. If between the Effective Date and the Closing Date, any condemnation or eminent domain proceeding is commenced by any party other than the Purchaser that will result in the taking of the entire Property or any part of the Property, Purchaser may, at Purchaser's election, either:

(1) Terminate this Agreement by giving written or emailed notice to the Seller and the Escrow Agent, in which event all remaining funds or other things deposited in Escrow by Purchaser, including, without limitation, the Deposit, shall be returned to the Purchaser immediately from Escrow, together with any and all fees and costs charged by the Escrow Agent shall be paid one-half (1/2) by the Purchaser and one-half (1/2) by the Seller; or

(2) Give written or emailed notice to the Seller and the Escrow Agent that Purchaser will proceed with the Closing, in which event the Seller shall assign to the Purchaser all of the Seller's rights, titles and interests to any award made for the condemnation or eminent domain action.

(b) Notice. If the Seller obtains notice of the commencement of or the threatened commencement of eminent domain or condemnation proceedings with respect to all of any portion of the Property, the Seller shall notify the Purchaser in writing.

9. Broker's Commission. The Purchaser and the Seller each represents to the other that it does not have any contact or binding agreement with respect to any real estate broker or other person who can claim a right to a commission or finder's fee. The Purchaser and the Seller each agree that to the extent any real estate commission, brokerage commission or finder's fee shall be earned or claimed in connection with this Agreement or the Closing, the payment of such fee or commission, and the defense of any action in connection therewith, shall be the sole and exclusive obligation of the party who requested (or is alleged to have requested) the services of the broker or finder. In the event that any claim, demand or cause of action for any such commission or finder's fee is asserted against the party to this Agreement who did not request such services (or is not alleged to have requested such services), the party through whom the broker or finder is making the claim shall indemnify, defend (with an attorney of the indemnitee's choice) and hold harmless the other from and against any and all such claims, demands and causes of action and expenses

related thereto, including, without limitation, attorneys' fees and costs. The provisions of this Section 9 shall survive the Closing or termination of this Agreement.

10. Assignment. The Purchaser may assign this Agreement to an entity in which the Purchaser has a controlling or majority interest without the prior written consent of the Seller. Except as set forth in the immediately preceding sentence, no party shall assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other party hereto. Any attempted assignment or delegation of this Agreement by the Purchaser or the Seller in violation of this Section 10 shall be void.

11. Notices. All notices under this Agreement shall be in writing and sent (a) overnight by a nationally recognized overnight courier such as UPS Overnight, or FedEx, in which case notice shall be deemed delivered one (1) Business Day after deposit with that courier, and (b) by email, in which case notice shall be deemed delivered upon the actual date of delivery. All notices shall be delivered to the following addresses:

If to Seller: Tusore Hospitality, Inc.
c/o Hotel Investment Group
4085 Pacific Highway, Suite 110
San Diego, CA 92110
Email: darshanp@hotelinvestmentgroup.com
Email: legal@hotelinvestmentgroup.com

If to Purchaser: San Diego Housing Commission
Attn: Buddy Bohrer
1122 Broadway, Suite 300
San Diego, CA 92101
Email: buddyb@sdhc.org

Copy to: Christensen & Spath LLP
Attn: Walter F. Spath III, Esq.
401 West A Street, Suite 2250
San Diego, CA 92101
Email: wfs@candslaw.net

If to Escrow Agent: Chicago Title Company
Attn: Renee Marshall
2365 Northside Drive
San Diego, CA 92108
Email: MarshallR@ctt.com

The addresses above may be changed by written notice to the other party given in accordance with this Section 11.

12. Risk of Loss.

(a) Subject to the provisions of this Section 12(a), the risk of loss or damage to the Property until the Closing will be borne by Seller. Upon the occurrence of any damage to or destruction of the Property, Seller shall within five (5) days after the occurrence of such damage or destruction give written notice to Purchaser (“Damage Notice”) specifying the estimated cost to repair or restore the Property and an estimate of the insurance proceeds, if any, that will be available with respect to such damage or destruction. The Closing shall be appropriately delayed to provide adequate time for Seller to give the Damage Notice and Purchaser to make its election provided for below.

(b) If prior to the Closing there is damage to or destruction of the Property for any reason that will cost in excess of Two Hundred Thousand Dollars (\$200,000.00) to repair or restore, Purchaser shall have the right by written notice given to Seller within ten (10) days of Purchaser receiving the Damage Notice, to elect to: (i) close Escrow in such damaged condition, in which event the Purchase Price shall not be reduced and Seller shall not be obligated to repair or restore the Property and all insurance proceeds shall be assigned and payable to Purchaser, and if Seller receives any such insurance proceeds, they shall be immediately remitted by Seller to Purchaser at Closing or, if received by Seller after Closing, promptly after receipt; or (ii) terminate this Agreement, in which event the Deposit and all interest accrued thereon shall be immediately returned to Purchaser, and neither party shall have any further rights or obligations to the other party, except neither party shall be relieved of any obligations provided for in this Agreement which expressly survives its termination.

(c) If prior to the Closing there is damage to or destruction of the Property for any reason, that will cost Two Hundred Thousand Dollars (\$200,000.00), or less, to repair or restore, Purchaser shall nevertheless close Escrow with the Property in such damaged condition, the Purchase Price shall be reduced by a commensurate amount and Seller shall not be obligated to repair or restore the Property, and all insurance proceeds shall be assigned and payable to Purchaser, and if Seller should receive any such insurance proceeds, they shall be immediately remitted to Purchaser.

13. Water Heaters. Seller hereby certifies and warrants that all water heaters in or on the Property are braced, anchored or strapped to prevent falling or horizontal displacement due to earthquake motions as required by State and applicable local codes.

14. Prorations.

(a) Utility costs, rents, security deposits, service and maintenance contract payments for contracts that are being assumed by the Purchaser (which assumption shall be of all service and maintenance and similar type contracts with regard to the Property to the extent same are assignable) (“Contracts”) and other expenses of operating the Property (provided, however, no proration shall be made with regard to any capital improvements, as determined in accordance with generally accepted accounting principles) shall be prorated as of the Closing. To the extent any property taxes and assessments have been paid by Seller for the period following the Closing, such amount shall be credited to Seller and Seller shall be responsible for obtaining a property tax

refund from the taxing authorities after Closing. If any property taxes or assessments are owed at Closing, such amounts shall be paid by Seller.

15. Right of First Refusal.

(a) In the event that Purchaser receives a bona fide written offer from a third party to purchase all or any portion of the Property, and Purchaser desires to accept such offer, Purchaser shall promptly deliver to Seller written notice (the "Sale Notice") of the terms and conditions of such offer, including the identity of the proposed buyer, purchase price, due diligence and closing timelines, and all other material terms and conditions.

(b) Seller shall have the right, exercisable by written notice to Purchaser within thirty (30) days after receipt of the Sale Notice (the "Election Period"), to elect to purchase the Property (or applicable portion thereof) on the same terms and conditions as set forth in the Sale Notice. During the Election Period, Purchaser shall not enter into or execute any agreement, letter of intent, or contract with any third party relating to the sale of the Property, nor shall Purchaser engage in any negotiations or discussions with any third party concerning any sale of the Property that would be inconsistent with Seller's right under this Section.

(c) If Seller elects to exercise its right of first refusal, the parties shall proceed in good faith to enter into a definitive purchase and sale agreement within ten (10) days after Seller's exercise, with a closing date consistent with the timeline in the original bona fide offer.

(d) If Seller fails to exercise its right within the Election Period, Purchaser may proceed to consummate the sale of the Property to the third party strictly in accordance with the terms set forth in the Sale Notice. If Purchaser fails to close the sale to the third party within ninety (90) days following the expiration of the Election Period, or if the terms of the third-party sale materially change, Purchaser must re-submit a new Sale Notice to Seller, and the right of first refusal shall again apply in full force and effect.

(e) The right of first refusal set forth herein shall be binding upon Purchaser and its successors and assigns, and shall inure to the benefit of Seller and its successors and assigns. This provision shall survive the Closing and shall be recorded, at Seller's option, as a memorandum in the public records.

16. General Provisions.

(a) Governing Law. This Agreement shall be interpreted and construed in accordance with California law, without regard to any choice of law principles.

(b) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(c) Captions. The captions in this Agreement are inserted for convenience of reference and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions of this Agreement.

(d) Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective legal representatives, successors, heirs and permitted assigns.

(e) Modifications; Waiver. No waiver, modification, amendment, discharge or change of this Agreement shall be valid unless it is in writing and signed by the party against which the enforcement of the modification, waiver, amendment, discharge or change is sought.

(f) Entire Agreement. This Agreement contains the entire agreement between the parties relating to Purchaser's acquisition of the Property from the Seller and all prior or contemporaneous agreements, understandings, representations or statements, oral or written, are superseded.

(g) Partial Invalidity. Any provision of this Agreement which is unenforceable, invalid, or the inclusion of which would adversely affect the validity, legality, or enforcement of this Agreement shall have no effect, but all the remaining provisions of this Agreement shall remain in full effect.

(h) Survival; No Merger. This Agreement, including, without limitation, all representations, warranties, covenants, agreements, indemnities and other obligations of the Purchaser and the Seller in this Agreement, shall survive the Closing as provided for in this Agreement and will not be merged into the Grant Deed or any other document.

(i) No Third-Party Rights. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties to this Agreement and their respective successors and assigns, any rights or remedies.

(j) Time of Essence. Time is of the essence in this Agreement.

(k) Attorneys' Fees. The parties agree that the prevailing party in litigation for the breach and/or interpretation and/or enforcement of the terms of this Agreement shall be entitled to their expert witness fees, if any, as part of their costs of suit, and attorneys' fees as may be awarded by the court, pursuant to California Code of Civil Procedure ("CCP") Section 1033.5 and any other applicable provisions of California law, including, without limitation, the provisions of CCP Section 998. All claims, disputes, causes of action or controversies shall be subject solely to the jurisdiction of the San Diego Superior Court, Downtown Branch.

(l) Relationship. Nothing contained in this Agreement shall be deemed or construed by the parties or by any third person to create a relationship of principal and agent or partnership or a joint venture between the Purchaser and the Seller or between any of them and any third party.

(m) Recording. This Agreement shall not be recorded.

(n) Purchaser Approval. Where this Agreement refers to an action or approval of the Purchaser, it shall mean the approval of the President and CEO of the Purchaser, or designee, unless otherwise provided.

(o) Exhibits and Recitals Incorporated. All exhibits referred to in this Agreement are hereby incorporated in this Agreement by this reference, regardless of whether or not the exhibits are actually attached to this Agreement. The Recitals to this Agreement are hereby incorporated in this Agreement by this reference.

(p) Independent Counsel. Seller and Purchaser each acknowledge that: (a) they have been given the opportunity to be represented by independent counsel in connection with this Agreement; (b) they have executed this Agreement with the advice of such counsel, if such counsel was retained; and (c) this Agreement is the result of negotiations between the parties hereto and the advice and assistance of their respective counsel, if such counsel was retained. The fact that this Agreement was prepared or negotiated by Purchaser's or Seller's counsel as a matter of convenience shall have no import or significance. Any uncertainty or ambiguity in this Agreement shall not be construed against either party due to the fact that Purchaser's or Seller's counsel prepared or negotiated this Agreement in its final form.


(q) Capacity and Authority. All individuals signing this Agreement for a party which is a corporation, limited liability company, partnership or other legal entity, or signing under a power of attorney, or as a trustee, guardian, conservator, or in any other legal capacity, represent and warrant to one another party that they have the necessary capacity and authority to act for, sign and bind the respective entity or principal on whose behalf they are signing.

(r) Closing Costs. The Seller and the Purchaser shall pay the costs of the Title Policy in accordance with Section 2, above. The Purchaser and the Seller shall each pay one-half (1/2) of the costs of the City transfer taxes and County transfer taxes to be paid with reference to the Grant Deed, if any, and all other stamps, intangible, documentary, recording and surtax imposed by law with reference to any other documents delivered in connection with this Agreement, if any. The Purchaser and the Seller shall equally share the Escrow Agent's escrow fees. All other closing costs shall be allocated in accordance with custom in San Diego County, California.

IN WITNESS WHEREOF, the parties have executed this Purchase and Sale Agreement as of the date first above written.

SELLER:

Tusore Hospitality, Inc., a California corporation

Signed by: 
By: _____
18B06310285C404...
Print Name: Bhavesh Patel
Its: Chairman of the Board

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

PURCHASER:

San Diego Housing Commission

Signed by:
By: Lisa Jones
9A95A13DAB3C42C...
Lisa Jones, President & CEO

Approved as to Form:
Christensen & Spath LLP

Signed by:
By: Walter Spath
9D14C66581322472...
Walter F. Spath III, Esq.
Purchaser General Counsel

Exhibit A

Real Property Legal Description

Real property in the City of San Diego, County of San Diego, State of California, described as follows:

PARCEL B OF PARCEL MAP NO. 330, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, SEPTEMBER 17, 1970.

APN: 427-500-12-00

Exhibit B

ASSIGNMENT OF PERSONAL PROPERTY AND ASSIGNMENT AND ASSUMPTION OF CONTRACTS

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby expressly acknowledged, Tusore Hospitality, Inc., a California corporation (“Assignor”), hereby grants, conveys, transfers and assigns to the San Diego Housing Commission (“Assignee”), all of Assignor’s right, title and interest in and to:

(a) all occupancy agreements, if any, of space in the real property more particularly described in Exhibit “1” attached hereto and by this reference made a part hereof (“Real Property”);

(b) the Contracts, as defined in that certain Purchase and Sale Agreement between the parties dated as of _____, 2025 (the “PSA”), attached hereto as Exhibit D to the PSA; and

(c) the Personal Property, as defined in the PSA.

The Personal Property is being transferred to Assignee without any representation or warranty of any kind or nature whatsoever, including, without limitation, as to any representations or warranties as to merchantability or fitness for a particular purpose.

Assignee agrees to perform or cause to be performed Assignor’s obligations, if any, under the Contracts from and after the date of this instrument.

Each of Assignor and Assignee hereby covenants that they will, at any time and from time to time upon written request therefor, execute and deliver to the other, its nominees, successors and/or assigns, any new or confirmatory instruments and do and perform any other acts which the other, its successors and/or assigns, may reasonably request in order to fully assign and transfer to and vest in Assignee, its nominees, successors and/or assigns, and protect its and/or their rights, title and interest in and enjoyment of, all of the assets of Assignor intended to be transferred and assigned hereby, or to enable Assignee, its successors and/or assigns, to realize upon or otherwise enjoy any such assets, or to effect the allocation of responsibility for performance under the Contracts.

The provisions of this Assignment of Personal Property and Assignment and Assumption of Contracts shall be binding upon and inure to the benefit of Assignor, Assignee and their successors and assigns.

IN WITNESS WHEREOF, the undersigned have executed this Assignment of Personal Property and Assignment and Assumption of Contracts as of the _____ day of _____, 202__.

ASSIGNOR:

Tusore Hospitality, Inc., a California corporation

By:_____

Name:_____

Its:_____

ASSIGNEE:

San Diego Housing Commission

By:_____

Lisa Jones, President & CEO

Approved as to Form:

Christensen & Spath LLP

By:_____

Walter F. Spath III, Esq.

Assignee General Counsel

Exhibit C

Property Documents

Seller makes no representation that any of the following exist; and Seller has no obligation to create or obtain any of the following that do not exist on the Effective Date of the Agreement.

Property Tax Bill History (2022-Present)

Major Capital Contracts (2022-Present)

Site Map and Floorplans

HVAC Count

Insurance Loss Reports

Business License and Permits

Certificate of Occupancy

All active Contracts, including Service Contracts, management contracts, franchise contracts, and all contracts for which payments are owed, will be owed at or after the Closing.

Gas and Electric Utility History (2022-Present)

Utility Bills (July 2024-Present): limited to: Electricity, Gas, if any, Water, and Trash bills

Drawings, Plans and Specifications, including as-builts

Exhibit D
Contracts

PROVIDER	SERVICE

Certificate Of Completion

Envelope Id: 18A5D056-5F54-4A46-B1E8-5248CF41957A

Status: Completed

Subject: Complete with Docusign: PSA 7798 Starling Dr.Final.pdf

Source Envelope:

Document Pages: 30

Signatures: 1

Envelope Originator:

Certificate Pages: 5

Initials: 0

Melanie Madrid

AutoNav: Enabled

1122 Broadway, Suite 300

Envelopeld Stamping: Enabled

San Diego, CA 92101

Time Zone: (UTC-08:00) Pacific Time (US & Canada)

melaniem@sdhc.org

IP Address: 99.132.73.178

Record Tracking

Status: Original

Holder: Melanie Madrid

Location: DocuSign

5/7/2025 7:57:31 PM

melaniem@sdhc.org

Security Appliance Status: Connected

Pool: StateLocal

Storage Appliance Status: Connected

Pool: San Diego Housing Commission

Location: Docusign

Signer Events

Walter Spath

wfs@candslaw.net

Security Level: Email, Account Authentication
(None)

Signature

Signed by:


CD14CC058122472...

Signature Adoption: Pre-selected Style

Using IP Address: 98.175.245.134

Timestamp

Sent: 5/7/2025 8:01:36 PM

Viewed: 5/8/2025 8:59:23 AM

Signed: 5/8/2025 8:59:52 AM

Electronic Record and Signature Disclosure:

Accepted: 5/8/2025 8:59:23 AM

ID: 9f910bb4-4b4f-4bcd-a0b5-94843c42d72f

Company Name: San Diego Housing Commission

In Person Signer Events

Signature

Timestamp

Editor Delivery Events

Status

Timestamp

Agent Delivery Events

Status

Timestamp

Intermediary Delivery Events

Status

Timestamp

Certified Delivery Events

Status

Timestamp

Carbon Copy Events

Status

Timestamp

Melanie Madrid

melaniem@sdhc.org

Security Level: Email, Account Authentication
(None)

COPIED

Sent: 5/8/2025 8:59:54 AM

Resent: 5/8/2025 8:59:56 AM

Viewed: 5/8/2025 9:01:36 AM

Electronic Record and Signature Disclosure:

Accepted: 9/16/2021 11:58:57 AM

ID: 219f792d-7773-4ae3-bba8-b33f06db65e8

Company Name: San Diego Housing Commission

Witness Events

Signature

Timestamp

Notary Events

Signature

Timestamp

Envelope Summary Events

Status

Timestamps

Envelope Sent

Hashed/Encrypted

5/7/2025 8:01:36 PM

Certified Delivered

Security Checked

5/8/2025 8:59:23 AM

Envelope Summary Events	Status	Timestamps
Signing Complete	Security Checked	5/8/2025 8:59:52 AM
Completed	Security Checked	5/8/2025 8:59:54 AM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

CONSUMER DISCLOSURE

From time to time, San Diego Housing Commission (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign, Inc. (DocuSign) electronic signing system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the 'I agree' button at the bottom of this document.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after signing session and, if you elect to create a DocuSign signer account, you may access them for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of a DocuSign envelope instead of signing it. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact San Diego Housing Commission:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: docusignsupport@sdhc.org

To advise San Diego Housing Commission of your new e-mail address

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at docusignsupport@sdhc.org and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..

In addition, you must notify DocuSign, Inc. to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in the DocuSign system.

To request paper copies from San Diego Housing Commission

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to docusignsupport@sdhc.org and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with San Diego Housing Commission

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your DocuSign session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to docusignsupport@sdhc.org and in the body of such request you must state your e-mail, full name, US Postal Address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows® 2000, Windows® XP, Windows Vista®; Mac OS® X
Browsers:	Final release versions of Internet Explorer® 6.0 or above (Windows only); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (Mac only)
PDF Reader:	Acrobat® or similar software may be required to view and print PDF files
Screen Resolution:	800 x 600 minimum

Enabled Security Settings:	Allow per session cookies
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** These minimum requirements are subject to change. If these requirements change, you will be asked to re-accept the disclosure. Pre-release (e.g. beta) versions of operating systems and browsers are not supported.

Acknowledging your access and consent to receive materials electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.

By checking the 'I agree' box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC CONSUMER DISCLOSURES document; and
- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and
- Until or unless I notify San Diego Housing Commission as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by San Diego Housing Commission during the course of my relationship with you.

FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT (“Amendment”) is dated as of the 4th day of August, 2025, by and between Tusore Hospitality, Inc., a California corporation (“Seller”), and the San Diego Housing Commission (“Purchaser”).

RECITALS

A. The Seller and Purchaser are all of the parties to that certain Purchase and Sale Agreement dated as of May 2, 2025 (“Agreement”).

B. The Seller and Purchaser desire to amend the Agreement as set forth herein. All terms not defined in this Amendment shall have the meanings set forth in the Agreement. In the event of any conflict between the Agreement and this Amendment, the terms of this Amendment shall control.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and adequacy of which are hereby acknowledged, the Seller and Purchaser hereby amend the Agreement, and agree, promise and declare as follows:

1. Addition of New Subsections 6(k) through (o). Section 6 of the Agreement is hereby amended to add the following additional subsections (collectively, the “Additional Seller Obligations”):

(k) On or before September 30, 2025, Seller shall: (1) cause all required inspections and tests of the fire sprinkler systems to be completed in accordance with Title 19 of the California Code of Regulations Section 904.1 by a person holding a valid “A” license issued by the Office of the State Fire Marshal, or a C-16 Fire Protection license as issued by the State of California Contractors State Licensing Board as required by Health and Safety Code Section 13196.5; and (2) correct or repair any and all deficiencies, damaged parts or impairments found while performing the inspection and tests.

(l) On or before September 30, 2025, Seller shall cause the elevator at the building to be inspected and Seller shall obtain a valid (unexpired) elevator operating permit from the California Department of Industrial Relations Division of Occupational Safety and Health Elevator Unit.

(m) On or before December 31, 2025, Seller shall cause the City of San Diego to approve a change in the Property’s use designation from California Building Code Section 310.2 Residential Group R-1 (Transient Occupancy) to California Building Code Section 310.3 Residential Group R-2 (Long Term Stay). This requirement only pertains to the “rehab” portion of the building. The new construction portion of the building will remain R1.

(n) On or before December 31, 2025, Seller shall: (i) cause the City of San Diego to approve plans for the Improvements, which identify sixty-five (65) studio units and twenty-five (25) one-bedroom units at the Property; and (ii) obtain a building permit from the City of San Diego with respect to such plans.

(o) On or before January 30, 2026, Seller shall complete all construction and other work required with respect to the plans and building permit identified in Section 6(n), above, and obtain final building permit sign off from the City of San Diego.

2. Purchaser's Extension Right. The definition of "Closing Date" set forth in Section 2 of the Agreement and Section 3(b)(1) of the Agreement grant the Purchaser the right to extend the Closing Date provided the "Purchaser provides 1) at least 90 calendar day written notice to the Seller of Purchaser's intent to extend the closing deadline, 2) a funding award letter issued by HCD, and 3) deposits an additional \$500,000.00 in Escrow ("Extension Deposit") (collectively, "Extension Requirements")." The Seller and Purchaser hereby agree, notwithstanding anything to the contrary set forth in the Agreement, that until such time as all of the Additional Seller Obligations have been satisfied, the Purchaser may extend the Closing Date and the Closing Deadline by satisfying Extension Requirements (1) and (2). In the event the Purchaser extends the Closing Date and the Closing Deadline as set forth in the immediately preceding sentence, then Purchaser shall make the Extension Deposit not later than five (5) business days following Seller's written notification to Purchaser of Seller's satisfaction of all of the Additional Seller Obligations and Seller's delivery of proof of the same to Purchaser.

3. Seller Contingent Reimbursement of Purchaser Costs. In the event Seller fails to satisfy all of the Additional Seller Obligations on or before the deadlines set forth in Subsections 6(k), (l), (m) and (n), in addition to the rights and remedies available to the Purchaser in Paragraph 6, the Seller shall promptly reimburse the Purchaser for all verified third-party costs incurred by the Purchaser.

4. General Provisions.

(a) Severability. If any provision of this Amendment is deemed to be invalid or unenforceable by a court of competent jurisdiction, that provision shall be severed from the rest of this Amendment and the remaining provisions shall continue in full force and effect.

(b) Recitals Incorporated. The Recitals to this Amendment are hereby incorporated into this Amendment by this reference.


(c) Counterparts. This Amendment may be executed in any number of counterparts and, as so executed, the counterparts shall constitute one and the same agreement. The parties agree that each such counterpart is an original and shall be binding upon all the parties, even though all of the parties are not signatories to the same counterpart.

(d) Conflicts. In the event of any conflict between the Agreement and this Amendment, this Amendment shall control.

(e) Signature Authority. All individuals signing this Amendment for a party which is a corporation, limited liability company, partnership or other legal entity, or signing under a power of attorney, or as a trustee, guardian, conservator, or in any other legal capacity, represent and warrant to the other party that they have the necessary capacity and authority to act for, sign and bind the respective entity or principal on whose behalf they are signing.

SELLER:

Tusore Hospitality, Inc., a California corporation

By:  Signed by:
48B66210285C404...
Bhavesh Patel, Chairman of the Board

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

PURCHASER:

San Diego Housing Commission

Signed by:
By: Lisa Jones
9A95A13DAB3C42C...
Lisa Jones, President & CEO

Approved as to Form:

Christensen & Spath LLP

DocuSigned by:
By: Chuck Christensen
255EBE556CAE4A0...
Chuck Christensen for Walter F. Spath III
Walter F. Spath III, Esq.
Purchaser General Counsel

AUTHORIZING RESOLUTION

RESOLUTION NO. HC-2048

**A RESOLUTION OF THE GOVERNING BODY OF THE SAN DIEGO HOUSING
COMMISSION AUTHORIZING APPLICATION TO AND PARTICIPATION IN
THE HOMEKEY+ PROGRAM**

WHEREAS:

- A. The Department of Housing and Community Development ("**HCD**") has issued a Notice of Funding Availability, dated November 26, 2024 ("**NOFA**"), for the Homekey+ Program ("**Homekey+**" or "**Program**"). HCD has issued the NOFA for Homekey+ grant funds pursuant to Health and Safety Code Section 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20.); Health and Safety Code Section 50675.1.5 (Assem. Bill No. 531 (2023-2024 Reg. Sess.); Section 14184.402 of the Welfare and Institutions Code; Section 5891.5 of the Welfare and Institutions Code; and Round 5 and 6 of the Homeless Housing, Assistance and Prevention (HHAP) grant program. (Assem. Bill No. 129 (Chapter 40, Statutes 2023) and Assem. Bill No. 166 (Chapter 48, Statutes 2024), respectively.
- B. **The San Diego Housing Commission ("Applicant")** desires to apply for Homekey+ grant funds with respect to the property at 7798 Starling Dr., San Diego, CA 92123. Therefore, Applicant is submitting an application for Homekey+ funds ("**Application**") to HCD for review and consideration.
- C. This site is considered existing housing as defined by the regulations contained at 24 CFR 983.3. Specifically, as stated in the environmental review and physical needs assessment, and as verified by SDHC, the dwelling units substantially comply with Housing Quality Standards, any deficiencies can be reasonably corrected within a 30-day period, and there are no plans to undertake substantial improvements, as defined by 24 CFR 983.3, during the first two years the units are subject to a Housing Assistance Payment Contract.
- D. As existing housing, for PBV purposes this project is not subject to the Requirements for Rehabilitated and Newly Constructed Units contained in 24 CFR 983 Subpart D.
- E. HCD is authorized to administer Homekey+ pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Homekey+ funding allocations are subject to the terms and conditions of the NOFA, the Application, the HCD-approved STD 213, Standard Agreement ("**Standard Agreement**"), and all other legal requirements of the Homekey+ Program.

THEREFORE, IT IS RESOLVED THAT:

- 1. Applicant is hereby authorized and directed to submit an Application to HCD in response to the NOFA, and to apply for Homekey+ grant funds in a total amount not to exceed **\$35,000,000** with respect to the property at 7798 Starling Dr., San Diego, CA 92123.
- 2. If the Application is approved, Applicant is hereby authorized and directed to

enter into, execute, and deliver a Standard Agreement in a total amount not to exceed **\$35,000,000**, any and all other documents required or deemed necessary or appropriate to secure the Homekey+ funds from HCD and to participate in the Homekey+ Program, and all amendments thereto (collectively, the "**Homekey+ Documents**").

3. Applicant acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, and that the NOFA and Application will be incorporated in the Standard Agreement by reference and made a part thereof. Any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities identified in the Standard Agreement.
4. Lisa Jones, President and CEO of the San Diego Housing Commission, or designee, is authorized to execute the Application and the Homekey+ Documents on behalf of Applicant for participation in the Homekey+ Program.

Approved as to Form
Christensen & Spath

By



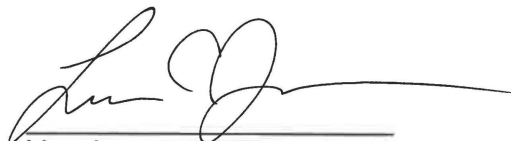
Charles B. Christensen
General Counsel
San Diego Housing Commission

I certify that the foregoing actions in this Resolution were approved by the San Diego Housing Commission Board of Commissioners at its meeting on November 7, 2025.

By


Scott Marshall
Vice President of Communications
and Government Relations

Approved:



Lisa Jones
President and Chief Executive Officer
San Diego Housing Commission

Passed and adopted by the San Diego Housing Commission on November 7, 2025, pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(1), by the following vote:

	Yeas	Nays	Excused	Not Present
Eugene “Mitch” Mitchell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ryan Clumpner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Stephen Cushman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johanna Hester	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kellee Hubbard	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Antoine “Tony” Jackson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Melinda K. Vásquez	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

AUTHENTICATED BY:

Lisa Jones

President & Chief Executive Officer of the
San Diego Housing Commission

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of
RESOLUTION NO. 2048 passed and adopted by the San Diego Housing Commission on
November 7, 2025.

By:



Scott Marshall
Secretary of the San Diego Housing Commission