



EXECUTIVE SUMMARY

MEETING DATE: April 16, 2026

HCR26-026

SUBJECT: Final Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA)
Hearing and Resolution for Hillcrest Hall

COUNCIL DISTRICT: 3

ORIGINATING DEPARTMENT: Real Estate Multifamily Housing Finance

CONTACT/PHONE NUMBER: Colin Miller (619) 578-7429

REQUESTED ACTION:

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$20,000,000 and taxable bonds in an amount not to exceed \$40,000,000 to fund Hillcrest Hall LP's acquisition and new construction of Hillcrest Hall, a new affordable rental housing development at 1601 University Ave. in the Uptown Community Plan area, which will consist of 97 rental housing units that will remain affordable for 55 years for families earning 30 percent to 70 percent of the San Diego Area Median Income (AMI) and one unrestricted manager's unit.

EXECUTIVE SUMMARY OF KEY FACTORS:

- Hillcrest Hall is a proposed 98-unit, new construction, affordable rental housing development in San Diego's Uptown neighborhood.
- It is within 0.1 of a mile from bus stops, 0.5 of a mile from grocery stores, 0.6 of a mile from an elementary school, 0.8 of a mile from a middle school, and 2.7 miles from a high school.
- Unit amenities will include: blinds, hardwood flooring, central air conditioning, ceiling fans, coat closets, a patio/balcony, and walk-in closets. Appliances will include a stove/oven, refrigerator, icemaker, microwave, and dishwasher.
- The development will offer a variety of community amenities, including a community room, on-site management, picnic area, playground, private balconies, a rooftop patio, and a computer room.
- On June 21, 2024, the SDHC Board (Report No. HCR24-055) approved taking preliminary steps to authorize the issuance of up to \$40,000,000 of tax-exempt Multifamily Housing Revenue Bonds to finance the new construction of Hillcrest Hall and held a TEFRA public hearing.
- If bonds are not issued within 12 months of the TEFRA hearing, a new TEFRA hearing is required.
- On August 5, 2025, the California Debt Limit Allocation Committee (CDLAC) approved a \$26,250,000 tax-exempt bonds allocation, and the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation.
- On August 25, 2025, SDHC provided to CDLAC on behalf of CRP the Voluntary Return of Excess Bond Allocation. This voluntary return has lowered the previously awarded \$26,250,000 allocation to \$18,200,000. On September 5, 2025, CDLAC approved the Voluntary Return of Excess Bond Allocation and issued a revised resolution for \$18,200,000 in tax-exempt bonds.
- The proposed project has an estimated total development cost of \$71,989,337 (\$734,585/unit.)
- The developer is CRP Affordable Housing Community Development LLC.



REPORT

DATE ISSUED: April 9, 2026

REPORT NO: HCR26-026

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

SUBJECT: Final Bond Authorization and Tax Equity and Fiscal Responsibility Act (TEFRA)
Hearing and Resolution for Hillcrest Hall

COUNCIL DISTRICT: 3

A Tax Equity and Fiscal Responsibility Act (TEFRA) hearing is scheduled to be heard by the San Diego Housing Commission (SDHC) Board of Commissioners on April 16, 2026, at 9 a.m. Any two members of the Housing Authority of the City of San Diego (Housing Authority) or San Diego City Council (City Council) may request that this hearing not take place and instead be heard by the Housing Authority and City Council by giving notice to SDHC's President and Chief Executive Officer, or designee, within seven days of the date of this notice.

REQUESTED ACTION

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$20,000,000 and taxable bonds in an amount not to exceed \$40,000,000 to fund Hillcrest Hall LP's acquisition and new construction of Hillcrest Hall, a new affordable rental housing development at 1601 University Ave. in the Uptown Community Plan area, which will consist of 97 rental housing units that will remain affordable for 55 years for families earning 30 percent to 70 percent of the San Diego Area Median Income (AMI) and one unrestricted manager's unit.

STAFF RECOMMENDATION

That the San Diego Housing Commission (SDHC) Board of Commissioners (Board) take the following actions and recommend that the Housing Authority of the City of San Diego (Housing Authority) and San Diego City Council (City Council) take the following actions:

SDHC Board

- 1) Hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing, approving the Housing Authority's issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount not to exceed \$20,000,000 to facilitate Hillcrest Hall, LP's acquisition and new construction of Hillcrest Hall, a new affordable rental housing development at 1601 University Ave, in the Uptown Community Plan area, which will consist of 97 rental housing units that will remain affordable for 55 years for families earning 30 percent to 70 percent of the San Diego Area Median Income (AMI) and one unrestricted manager's unit.

Housing Authority

- 1) Authorize the issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$20,000,000 and taxable bonds in an amount not to exceed \$40,000,000 to fund Hillcrest Hall LP's acquisition and new construction of Hillcrest Hall, a new affordable rental housing development at 1601 University Ave, in the Uptown Community Plan area, which will consist of 97 units that will remain affordable for 55 years for families earning 30

percent to 70 percent of the San Diego Area Median Income (AMI) and one unrestricted manager’s unit.

- 2) Authorize SDHC’s President and Chief Executive Officer (President and CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by the General Counsel of the Housing Authority and of SDHC and the Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of the General Counsel and/or the Bond Counsel.

City Council

- 1) Adopt a Tax Equity and Fiscal Responsibility Act (TEFRA) resolution approving the issuance of tax-exempt Multifamily Housing Revenue Bonds in an amount not to exceed \$20,000,000 to fund Hillcrest Hall, LP’s acquisition and new construction of Hillcrest Hall, a new affordable rental housing development at 1601 University Ave, in the Uptown Community Plan area, which will consist of 97 rental housing units that will remain affordable for 55 years for families earning 30 percent to 70 percent of the San Diego Area Median Income (AMI) and one unrestricted manager’s unit.

SUMMARY

Table 1 –Development Details

Address	1601 University Avenue
Council District	3
Community Plan Area	Uptown Community Planning Group
Developer	CRP Affordable Housing Community Development LLC (CRP)
Development Type	New construction
Construction Type	Three levels of Type I new construction, with five stories of Type III new construction above.
Parking Type	9 surface automobile parking spaces 10 surface motorcycle parking stalls 50 covered bicycle stalls
Local Amenities	<p><u>Mass Transit:</u></p> <ul style="list-style-type: none"> • University Avenue and Park Boulevard Rapid Bus Stop ID: 12066 (0.1 miles from the property) • University Avenue and Herbert Street Rapid Bus Stop ID: 10494 (Immediately outside of the property) • University Avenue and Normal Street Rapid Bus Stop ID: 10865 (Directly across the street from the property) <p><u>Grocery:</u> Trader Joes (0.4 of a mile from the property) Ralphs (0.4 mile of a mile from property) Whole Foods (0.5 of a mile from the property)</p> <p><u>Schools:</u> Alice Birney Elementary School (0.6 of a mile from the property) Roosevelt Middle School (0.8 of a mile from the property) Garfield High School (2.7 miles from the property)</p>
Housing Type	Affordable Multifamily for low-income families, including large families.

Accessibility	Wheelchair accessibility in 15 percent of the units, and 10 percent of the units accessible to residents with visual and/or hearing impairment.
Lot Size	Four parcels totaling 0.45 of an acre
Units	98 (97 units restricted/affordable)
Density	218 dwelling units per acre (98 units ÷ 0.45 of an acre)
Unit Mix	97 affordable rental units: 35 one-bedroom units, 28 two-bedroom units, 34 three-bedroom units, and one unrestricted three-bedroom manager's unit.
Gross Building Area	66,404 square feet
Net Rentable Area	61,754 square feet
Affordable Units in Service by Council District	Council District 3 includes 9,369 affordable rental housing units currently in service, which represents 32 percent of the 29,497 affordable rental housing units in service citywide.

Background

On June 21, 2024, the SDHC Board (Report No. HCR24-055) approved taking preliminary steps to authorize the issuance of up to \$40,000,000 of tax-exempt Multifamily Housing Revenue Bonds to finance the new construction of Hillcrest Hall and held a TEFRA public hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986. If bonds are not issued within 12 months of the TEFRA hearing, a new TEFRA hearing is required. If, for any reason, an extension to the bond issuance date is requested, Bond Counsel has advised SDHC to hold a new TEFRA hearing.

The SDHC Board is authorized to hold TEFRA hearings pursuant to Multifamily Mortgage Revenue Bond Program Policy Amendments the Housing Authority approved March 9, 2021 (Report No. HAR20-043; Resolution No. HA-1906).

On August 5, 2025, the California Debt Limit Allocation Committee (CDLAC) approved a \$26,250,000 tax-exempt bonds allocation, and the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation.

On August 25, 2025, SDHC provided to CDLAC on behalf of CRP the Voluntary Return of Excess Bond Allocation. This voluntary return has lowered the previously awarded \$26,250,000 allocation to \$18,200,000. On September 5, 2025, CDLAC approved the Voluntary Return of Excess Bond Allocation and issued a revised resolution for \$18,200,000 in tax-exempt bonds.

The Development

Hillcrest Hall is a proposed 98-unit, new construction, affordable rental housing development within a single, eight-story building. The development will be at 1601 University Ave, in San Diego's Uptown neighborhood (Attachment 1 – Site Map). Hillcrest Hall will provide 97 affordable rental units and one unrestricted manager's unit. It will include 35 one-bedroom units, 28 two-bedroom units, 34 three-bedroom units, and one three-bedroom manager's unit.

Unit amenities will include: blinds, hardwood flooring, central air conditioning, ceiling fans, coat closets, a patio/balcony, and walk-in closets. Appliances will include a stove/oven, refrigerator, icemaker, microwave, and dishwasher. The development will offer a variety of community amenities, including a community room, on-site management, picnic area, playground, private balconies, a rooftop patio, and a computer room. The building will be comprised of seven residential stories over one story of parking (9 stalls) as well as two retail/ commercial spaces totaling 2,394 square feet, the use of which is still being determined. The first level will be mainly parking but will also include the community room and commercial/retail. The second level will contain residential units along with amenities and an outdoor deck, while the remaining six levels will be entirely residential. The development is in a High Resource

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Area as determined by the CTCAC and California Department of Housing and Community Development (HCD) Opportunity Area Map. This provides convenient access to transit, schools, groceries, medical facilities, and parks. Notably, the development is also less than a quarter of a mile away from the rapid transit bus station at the corner of University Avenue and Park Boulevard.

Services

The classes and activities provided by Life Skills Training and Educational Programs, Inc (LifeSTEPS) will foster residents' physical and mental well-being. LifeSTEPS has been contracted to provide Hillcrest Hall residents with a positive environment that promotes independence, healthy lifestyles, and the ability to remain contributing members of society. LifeSTEPS will provide access to health care services, social services, and spiritual and recreational activities.

Examples of the on-site social services LifeSTEPS will provide free of charge to the Hillcrest Hall residents include:

- Instructor-led adult educational classes, such as health and wellness, or skill-building classes, including but not limited to: financial literacy, computer training, homebuyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation and preparation, and smoking cessation.
- Individualized health and wellness services and programs, such as crisis intervention, practical counseling and emotional support, cleanliness and hygiene assessment, eviction prevention, government and insurance entitlements, and physical and mental health assessment.

Developer's Request

In response to SDHC's Fiscal Year (FY) 2024 Notice of Funding Availability (NOFA), Hillcrest Hall, LP and CRP submitted an application for a loan for the Hillcrest Hall development. On March 15, 2024, SDHC staff provided a preliminary recommendation of award of a residual receipts loan up to \$5,000,000 for the development, which the SDHC Board approved on June 21, 2024 (Resolution HC-2017).

Prevailing Wages

The proposed development is not subject to payment of federal prevailing wages as the proposed use of federal HOME Investment Partnerships Program (HOME) funds is below the 12-unit federal threshold. The development is also not subject to California state prevailing wages as the developer is not proposing to use California state financing that requires payment of such wages.

Appraisal

An appraisal of the subject site with an effective date of April 8, 2023, and subsequently updated on August 1, 2024, valued the property at \$8,500,000. The appraisal was obtained by the developer and was conducted by Novogradac.

Relocation

In November of 2023, 1601 University Ave LLC, (a CRP subsidiary) purchased the property at the appraised value of \$8,500,000. The Developer plans to transfer ownership of the project to the limited partnership with a Purchase and Sale Agreement valid through August 22, 2026. Once transferred, the developer will demolish a billboard, two commercial buildings and two residential buildings to construct a new, eight-story building with 97 affordable residential rental apartment units and one manager's unit. The on-site billboard is currently still in use and will be permanently relocated, while the commercial and residential structures will be removed to facilitate the new construction. Both the billboard and commercial tenants qualify for and have been paid relocation assistance as accounted

for in the development budget. The two residential tenants did not qualify for relocation benefits as they were the property owners prior to 1601 University Ave LLC’s acquisition. In accordance with all applicable relocation laws and regulations, Overland, Pacific & Cutler has developed a detailed relocation plan for the billboard and eligible commercial tenants.

Accessibility

CTCAC requires wheelchair accessibility in 15 percent of the units, and an additional 10 percent of the units are required to have communication features for residents with visual and/or hearing impairment. The same units can satisfy both accessibility requirements. The Hillcrest Hall units will be accessible in accordance with the Americans with Disabilities Act and Section 504. If HOME Investment Partnerships Program funds are used to fund the development, these accessible units will satisfy the HOME accessibility requirement in 5 percent of the units, plus an additional 2 percent of the units accessible for residents with visual and/or hearing impairment.

Project Sustainability

The development will comply with the CTCAC minimum energy efficiency standards. Its features will include Energy Star-rated efficient appliances and a solar component. It will be designed to achieve a Green Point certification. Green Point is a program of Build It Green, a nonprofit organization promoting healthy, energy- and resource-efficient buildings in California. Green Point scores and rates housing in five categories, including energy and water conservation, indoor air quality, sustainable building materials, and community benefits such as proximity to public transportation. Water conservation will be promoted via low-water-use fixtures in kitchens and bathrooms, low-flow toilets, and low-water-use native-plants landscaping with water-efficient irrigation controls.

Development Team

During the tax credit compliance period, Hillcrest Hall will be owned by a California, single-asset limited partnership, consisting of Hillcrest Hall LP as the owner/borrower, Bold Communities as the Managing General Partner, Hillcrest Hall AGP LLC and E. Smith & Company as the Administrative General Partners, and Red Stone Equity Partners as the tax credit limited partner (Attachment 2 – Organization Chart).

Created in 2008, Castellan Holdings LLC, specializing in value-add and asset management to distressed real estate, established its affordable housing arm in 2019. A subsidiary of Castellan Holdings LLC, CRP Affordable Housing and Community Development (CRP) is a for-profit, full-service real estate firm with experience in multifamily acquisition/rehabilitation, ground-up development, and property management. CRP’s founders have owned, operated, and managed over 2,500 rent-restricted units and have significant experience providing housing to at-risk, special needs, and other vulnerable populations. Since the firm's inception, CRP has delivered over 300 units of affordable housing, with nearly 1,000 additional units under construction. Based upon the developer’s past experience and past development performance, SDHC staff have determined that the developer has the requisite capacity to successfully complete the proposed Hillcrest Hall project.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	CRP Affordable Housing Community Development LLC (CRP)
Owner/Borrower	Hillcrest Hall LP
Managing General Partner	Bold Communities
Administrative General Partner #1	Hillcrest Hall AGP LLC *1
Administrative General Partner #2	E. Smith & Company *2

Tax Credit Investor Limited Partner	Red Stone Equity Partners
Architect	AO Architects
General Contractor	Ironcore Construction LLC
Property Management	FPI Management, Inc. (FPI)
Construction Lender	CitiBank
Tenant Services Providers	Life Skills Training and Educational Programs, Inc (LifeSTEPS)
Permanent Lender	CitiBank

- ^{*1} - Hillcrest Hall AGP LLC is a Special Purpose Entity created by CRP. CRP is the sole member and manager of Hillcrest Hall AGP LLC. (0.0025% Interest)
- ^{*2} - E. Smith and Company Inc. is the CTCAC applicant and project sponsor. (0.0051% Interest)

General Partners

Bold Communities is the Managing General partner and the 501(c)(3) Nonprofit Partner providing the welfare tax exemption.

E. Smith and Company Inc. is the Co-Administrative General Partner in the project and owns 0.0051% interest in the partnership. E. Smith and Company Inc. is also the entity that qualified the partnership to apply in the CDLAC set-aside for Black, Indigenous and Other People of Color (BIPOC). CRP is responsible for securing financing, managing the closing process, construction process, and asset management.

Property Management

California-based FPI Management, Inc. (FPI) will manage Hillcrest Hall. FPI has provided professional management services for multifamily housing owners since 1968. FPI currently manages just over 150,000 units in 16 states (Alaska, California, Colorado, Florida, Idaho, Louisiana, Montana, Minnesota, Nevada, New Mexico, Oklahoma, Ohio, Oregon, Texas, Virginia, and Washington). The FPI client list includes institutional investors, international real estate investment firms, financial institutions, multifamily development builders, private investors, City, County, and State agencies. Over 30% of FPI’s portfolio consists of rent- and income-restricted units.

FINANCING STRUCTURE

Hillcrest Hall has an estimated total development cost of \$71,989,337 (\$734,585 per unit). Financing will include a combination of sources as described in Table 3. The developer’s pro forma is included as Attachment 3 and summarized below.

Table 3 – Hillcrest Hall Estimated Permanent Sources and Uses

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts	Per Unit
Federal LIHTC* Equity	\$23,893,839	Land / Acquisition Costs	\$8,706,600	\$88,843
State LIHTC Equity	10,680,000	Hard Costs	32,830,000	335,000
Permanent Loan (Tranche A)	18,200,000	Hard Costs Contingency	1,651,830	16,855
Permanent Loan (Tranche B)	942,280	Soft Costs	3,616,906	36,907
City of San Diego Bridge to Home	3,175,000	Soft Costs Contingency	873,534	8,914
SDHC Loan	5,000,000	Architect & Engineering	1,930,000	19,694
Cash Back Forward Interest (Tax-Exempt)	1,277,640	Financing Fees & Interest	11,353,488	115,852

Cash Back Forward Interest (Taxable)	2,211,300	Impact & Permit Fees	2,450,000	25,000
Accrued Interest	673,125	Reserves	704,494	7,189
Deferred Developer Fee	5,936,153	Developer fee	7,872,484	80,331
Total Development Cost	\$71,989,337	Total Development Cost	\$71,989,337	\$734,585

*“LIHTC” means Low-Income Housing Tax Credits.

SDHC’s \$5,000,000 residual receipts loan will be funded with HOME Investment Partnerships program (HOME) funds awarded by HUD to the City of San Diego and administered by SDHC, and the City of San Diego’s Housing Trust Fund, which SDHC administers. The total amount of funding sources shall not exceed the SDHC Board-approved amount of \$5,000,000. A final determination of SDHC funding sources will be made by SDHC’s President & CEO, or designee, contingent upon budget availability.

SDHC requires affordable housing developers to pursue all viable funding sources to reduce the financing gap and amount of SDHC subsidy required. If other funding is secured, proceeds will first be used to make an adjustment to reduce SDHC’s loan.

Developer Fee

\$7,872,484 – Gross developer fee
 - 5,936,153 – Minus deferred developer fee
 \$1,936,331 – Net cash developer fee

The proposed developer fee complies with SDHC’s developer fee guidelines. Projects that voluntarily returned their excess bond allocation were eligible for a one-time developer fee waiver allowing them to increase the fee amount by \$20,000 for every \$1,000,000 in tax-exempt bond allocation returned. The developer voluntarily returned \$8,050,000 of their allocation of bonds, CDLAC granted a one-time exception to exceed the 15% threshold of basis by approximately \$160,000.

Development Cost Key Performance Indicators

SDHC staff have identified development cost performance indicators that were used to evaluate the proposed development and make a funding recommendation. The key performance indicators listed in Table 4 are commonly used by industry professionals and affordable housing developers.

Table 4 - Key Performance Indicators

Development Cost Per Unit	\$71,989,337 ÷ 98 units =	\$734,585
Development Cost Per SQ FT (Gross)	\$71,989,337 ÷ 66,404 sq. ft. =	\$1,084
Development Cost Per SQ FT (Net)	\$71,989,337 ÷ 61,754 sq. ft. =	\$1,166
Housing Commission Subsidy Per Unit	\$5,000,000 ÷ 98 units =	\$51,020
Land / Acquisition Cost Per Unit	\$8,706,600 ÷ 98 units =	\$88,843
Gross Hard Cost Per Sq. Ft.	\$32,830,000 ÷ 66,404 sq. ft. =	\$494
Net Hard Cost Per Sq. Ft.	\$32,830,000 ÷ 61,754 sq. ft. =	\$532

The total hard cost of \$32,830,000 includes costs from residential and commercial (2,394 square feet) construction.

When the cost of the commercial space (\$366,623) is removed from the project’s total development cost, the cost per unit decreases to \$730,844. The proposed SDHC loan funds will not be used as a source for the commercial/retail spaces. When consolidating the residential and commercial space, the total per unit cost is \$734,987.

Project Comparison Chart

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

These developments are similar in terms of new construction and target population and are provided as a comparison to the subject development.

Table 5 - Comparable Development Projects

New Construction Project Name	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject – Hillcrest Hall	2026	98	\$72,028,688 (w/o prevailing wage) (with commercial shell)	\$734,987	\$51,020	\$494
Kindred	2025	126	\$90,122,649 (with prevailing wage)	\$715,258	\$60,759	\$360
Avanzando	2025	103	\$96,140,597 (with prevailing wage)	\$933,404	\$40,000	\$438
Grant at Mission Trails	2025	48	\$42,159,738 (with prevailing wage)	\$878,328	\$45,833	\$423
Serra Mesa	2025	60	\$43,803,370 (with prevailing wage)	\$730,056	\$41,667	\$648

TAX EXEMPT MULTIFAMILY HOUSING REVENUE BONDS

Proposed Housing Bonds Financing

SDHC utilizes the Housing Authority’s tax-exempt borrowing status to pass on lower interest rate financing (and, in conjunction with private activity bonds, make 4 percent low-income housing tax credits available) to developers of affordable rental housing. The Housing Authority’s ability to issue bonds is limited under the U.S. Internal Revenue Code. In general, to issue private activity bonds for a development, the Housing Authority must first submit an application to CDLAC for a private activity bond allocation. On June 21, 2024, prior to submitting applications to CDLAC, the proposed development was presented to the SDHC Board. A bond inducement resolution was obtained prior to the application submittal to CDLAC. On May 20, 2025, an application was submitted to CDLAC for a private activity bond allocation of up to \$26,250,000. On August 5, 2025, CDLAC approved a \$26,250,000 bond allocation, and CTCAC approved an allocation of 4 percent tax credits. On August 25, 2025, SDHC provided to CDLAC on behalf of CRP the Voluntary Return of Excess Bond Allocation. This voluntary return has lowered the previously awarded \$26,250,000 allocation to \$18,200,000. On September 5, 2025, CDLAC approved the Voluntary Return of Excess Bond Allocation and issued a revised resolution for \$18,200,000 tax-exempt bonds.

During construction, the bonds, 2026 Series A-1 (Tax-Exempt) and 2026 Series A-2 (Taxable), will be sold initially through a public offering and will be structured as rated, cash-collateralized, and publicly offered construction-to-permanent bonds that will be marketed by Stifel, Nicolaus & Company, Incorporated, or a related entity, as underwriter. The bonds will be sold to the public and fully funded to the respective project funds under each indenture.

During construction and prior to conversion to the permanent phase, the bonds will be secured by 100% cash collateral and will receive a rating on that basis. This cash collateral will consist of the bond proceeds and deposits to the Cash Collateral Fund from draws on a conventional, taxable loan from Citibank to the Borrower. Draws on this Citibank loan will be funded, on behalf of the Borrower, to the Cash Collateral Fund held under the Trust Indentures, which funding will allow for disbursement of a like amount of Series 2026 bond proceeds to pay for construction costs. This method ensures the outstanding bonds will always be secured by 100% cash collateral. Amounts held both in the Project Fund and the Collateral Funds will be invested in Treasury securities. The interest earnings from the Treasury investments will be used to pay interest on the bonds, when due. The bonds are expected to be secured by a first lien position on the property.

At conversion to the permanent phase, the bonds will be tendered to the Trustee and paid from amounts in the Cash Collateral Funds. The tendered bonds, in excess of the permanent loan amount, will be redeemed, and the remaining tax-exempt financing, in the amount of the permanent loan, will be purchased by Citibank, as permanent lender, pursuant to a Funding Loan Agreement (and Borrower Loan Agreement).

Financing Documents for the Bonds:

Trust Indenture – The bonds will be issued pursuant to an Indenture between the Housing Authority and a to-be-selected Trustee. The Indenture sets forth the terms of the bonds, including interest rate, final maturity, and redemption provisions. The Indenture establishes accounts for deposit of bond proceeds and repayment sources. Based upon instructions contained in the Indenture, the Trustee will disburse bond proceeds for eligible costs, collect project revenues, and make payments to the bondholders. The bonds are structured as construction-to-permanent bonds and therefore, after conversion of the project to the permanent financing period following completion of the construction, the bonds are expected to remain outstanding until they are repaid at their scheduled maturity.

Loan Agreement – Under the terms of the Loan Agreement between the Housing Authority and the Borrower, the Housing Authority will loan the proceeds of the bonds to the Borrower to develop the project. The loan is evidenced by a note or notes in an aggregate amount corresponding to the principal amount of the bonds. With the Loan Agreement, the Housing Authority assigns its rights to receive note payments to the Trustee.

At Conversion, the Trust Indentures and the Loan Agreements will be replaced by a single Funding Loan Agreement (between Citibank, the Trustee, and the Housing Authority) and a Borrower Loan Agreement (between the Housing Authority and the Borrower).

Regulatory Agreement and Declaration of Restrictive Covenants – A Regulatory Agreement will be recorded against the property to ensure the long-term use of the project as affordable housing. The Regulatory Agreement will also ensure that the project complies with all applicable federal and state laws. The Regulatory Agreement restricts the rental of the 97 affordable apartments (the manager's unit is exempt) to low-income residents for at least 55 years.

Bond Purchase Agreement – This Agreement is among the Housing Authority, the Borrower and the underwriter of the bonds. It sets forth the conditions under which the underwriter will purchase the bonds to be offered to the public.

Official Statement – During the bonds' marketing period, an Official Statement (to be prepared by counsel to the Underwriter), in preliminary form, will be used. After the bonds are sold, final pricing information will be included, and the Official Statement will become final. The Official Statement, in preliminary form, will be used to market the bonds to investors. It describes the terms, financing structure, flow of funds, the development, and the security for the bonds during the construction period.

The Official Statement, which will be executed by the Borrower, will contain limited information about the Housing Authority as issuer. This information verifies that the Housing Authority is an appropriate issuer of the bonds and that there is not existing or threatened litigation that would jeopardize the validity of the bonds. Financial statements of SDHC or the Housing Authority are not included in the Official Statement.

The financing amount that will ultimately be set will be based upon development costs, revenues and interest rates prevailing at the time of the bonds issuance. The financing proceeds will be used for both construction financing and permanent financing. Attachment 4 provides a general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings.

Financial Advisor’s Recommendation

Jones Hall is the Bond Counsel and CSG is the Bond Financial Advisor to work on the bond issuance. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the Financial Advisor’s recommendation that the Housing Authority should proceed with the bond issuance. The Financial Advisor’s analysis and recommendation is at Attachment 5.

AFFORDABLE HOUSING IMPACT

Affordability

The Hillcrest Hall development will be subject to applicable tax credit and bond regulatory agreements, which will restrict affordability of 97 units for 55 years. CTCAC’s rent and occupancy restrictions will apply.

Table 6 – Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
One bedroom	30% (\$39,700/year for two-person household)	7	\$930
One bedroom	50% (\$66,150/year for two-person household)	4	\$1,550
One bedroom	60% (\$79,380/year for two-person household)	20	\$1,860
One bedroom	70% (\$92,650/year for two-person household)	4	\$2,316
Subtotal One Bedroom Units	--	35	--
Two bedrooms	30% (\$44,650 /year for three-person household)	4	\$1,116
Two bedrooms	50% (\$74,450/year for three-person household)	3	\$1,861
Two bedrooms	60% (\$89,340/year for three-person household)	10	\$2,233
Two bedrooms	70% (\$104,200/year for three-person household)	11	\$2,605
Subtotal Two Bedroom Units	--	28	--
Three bedrooms	30% (\$49,600/year for four-person household)	4	\$1,240
Three bedrooms	50% (\$82,700/year for four-person household)	4	\$2,068
Three bedrooms	60% (\$99,240/year for four-person household)	10	\$2,481
Three bedrooms	70% (\$115,800/year for four-person household)	16	\$2,895
Subtotal Three Bedroom Units	--	34	--
Manager’s three-bedroom unit	--	1	
Total Units	--	98	--

FISCAL CONSIDERATIONS

The funding sources and uses proposed to be approved by this action are included in the Housing Authority-approved Fiscal Year (FY) 2026 SDHC Budget.

Funding sources approved by this action will be as follows

Bond Issuer Fee: \$20,000,000 (Tax-exempt) X 0.0025 = \$50,000
+ \$40,000,000 (Taxable) X 0.0025 = \$100,000

Total Funding Sources – up to \$150,000

Funding uses approved by this action

Administrative costs - \$150,000

Total Funding Uses - up to \$150,000

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

Development Schedule

The estimated development timeline is as follows:

<u>Milestones</u>	<u>Estimated Dates</u>
• Housing Authority consideration of bond authorization	• May 12, 2026
• Estimated bond issuance and escrow/loan closing	• June 2026
• Estimated start of construction work	• July 2026
• Estimated completion of construction work	• June 2028

SDHC STRATEGIC PLAN

This item relates to Strategic Priority Area No. 3 in SDHC’s Strategic Plan for Fiscal Years (FY) 2026-2030: Create and Preserve Housing.

STATEMENT for PUBLIC DISCLOSURE

The developer’s Disclosure Statement is at Attachment 6.

NONDISCRIMINATION ASSURANCE

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 to 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.

CRP is committed to ensuring they do not discriminate in their hiring and employee engagement practices. Their response included specific examples of their commitment to nondiscrimination. CRP also submitted a workforce report for record-keeping purposes only. Staff have requested updated supportive documents.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On June 6, 2023, CRP presented the proposed development as an action item to the Uptown Planners Community Planning Group. The community planning group voted unanimously to support the development.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include CRP as the developer, E. Smith & Company as the Administrative General Partner, Bold Communities as the Managing General Partner, the City of San Diego as a lender, SDHC as a lender, and the Uptown Community Planning Group. The project is anticipated to have a positive impact on the community, as it will contribute to the quality of the surrounding neighborhood and create 97 new, affordable, transit-oriented rental homes for working San Diego families.

ENVIRONMENTAL REVIEW

California Environmental Quality Act

The proposed activity to authorize tax-exempt bond issuance to fund the acquisition and new construction of Hillcrest Hall has been reviewed for consistency with and is covered in the 2019 Final Program Environmental Impact Report (PEIR) for the Uptown Community Plan, (SCH No. 2016061023) which was certified by City Council Resolution No. R-3104766 on November 14, 2016. This activity is a subsequent discretionary action and is not considered a separate project for the purposes of CEQA review pursuant to CEQA Guidelines Sections 15378(c) and 15060(c)(3). Pursuant to Public Resources Code Section 21166 and CEQA Guidelines Section 15162, there is no change in circumstance, additional information, or project changes to warrant additional environmental review for this action.

National Environmental Policy Act

Federal funds constitute a portion of the funding for this project. The parties agree that the provision of federal funds as a result of this action is conditioned on the approval of the Environmental Assessment by the City of San Diego and the receipt of Authority to Use Grant Funds from the U.S. Department of Housing and Urban Development. Authority to Use Grant Funds was received from HUD on November 27, 2025.

Respectfully submitted,

Colin Miller

Colin Miller
Senior Vice President of Real Estate Development
Real Estate Division

Approved by,

Lisa C. Jones

Lisa C. Jones
President and Chief Executive Officer
San Diego Housing Commission

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

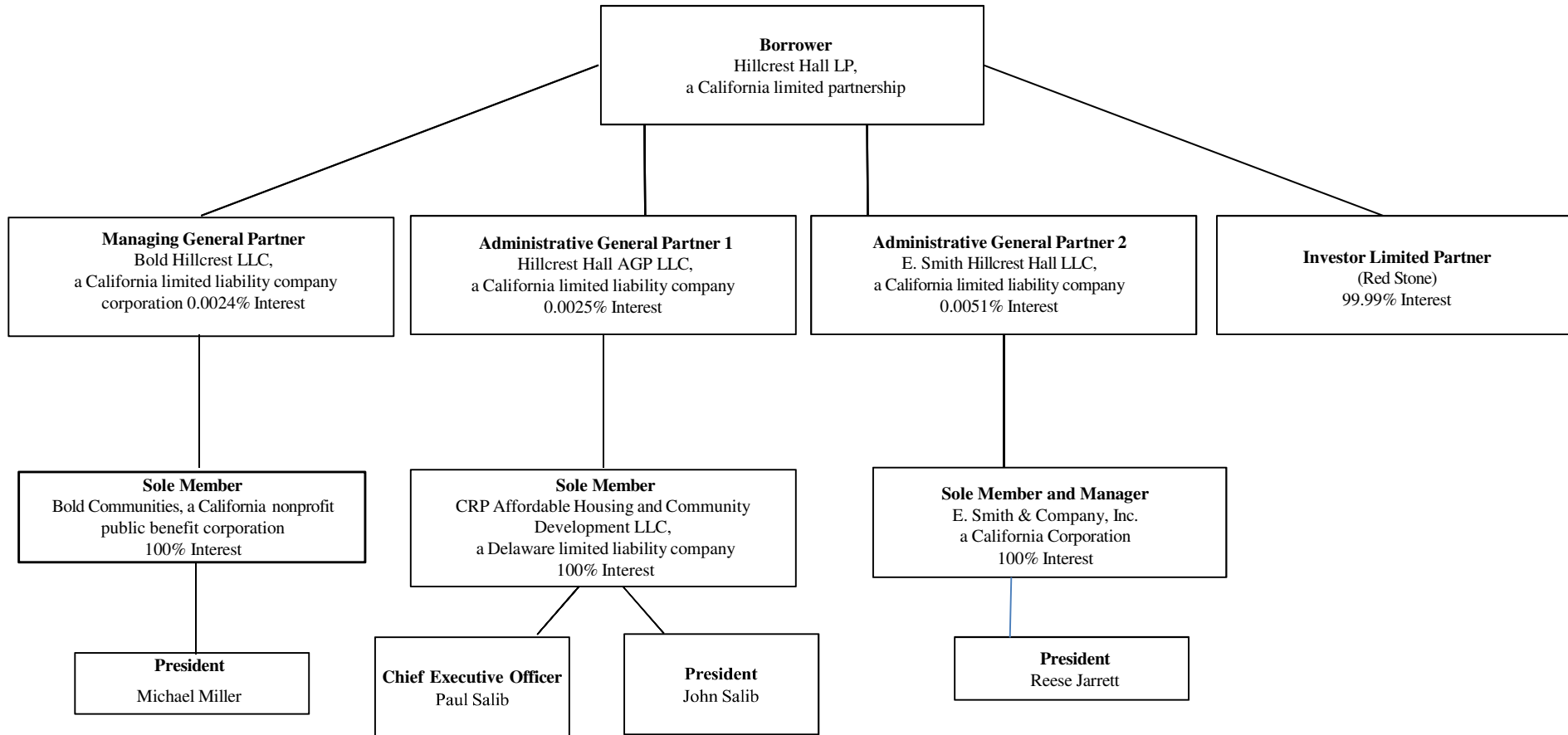
A printed copy is available for review during business hours at the information desk in the main lobby of SDHC's offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of SDHC's website at www.sdhc.org.

Hillcrest Hall Attachment 1 - Site Map



Hillcrest Hall LP Organizational Structure

Attachment 2



PROJECT SUMMARY

Hillcrest Hall
3/19/2026
98 Units

PBVs

Sources and Uses

Development Uses			
Acquisition Costs			
Land Cost or Value	8,500,000	\$86,735/unit	
Other Acquisition Costs	206,600	\$2,108/unit	
Subtotal Acquisition Costs	8,706,600	\$88,843/unit	
Hard Costs			
Off-Site Improvements	250,000	\$2,551/unit	
Site Work	500,000	\$5,102/unit	
Structures	27,763,114	\$283,297/unit	
Prevailing Wages	-	-	
General Requirements	1,710,787	\$17,457/unit	
Contractor Overhead & Profit	2,281,049	\$23,276/unit	
General Liability Insurance	325,050	\$3,317/unit	
Bond Premium	-	-	
Subtotal GC Hard Costs	32,830,000	\$335,000/unit	
Soft Costs			
Architect & Engineering	1,930,000	\$19,694/unit	
Financing Fees and Interest	11,353,488	\$115,852/unit	
Legal Fees	325,000	\$3,316/unit	
Reserves	704,494	\$7,189/unit	
Development Impact and Permit Fees	2,450,000	\$25,000/unit	
Developer Fee	7,872,484	\$80,331/unit	
Remaining Development Soft Costs	3,291,906	\$33,591/unit	
Subtotal Soft Costs	27,927,372	\$284,973/unit	
Contingencies			
Owner Hard Costs Contingency	1,651,830	\$16,855/unit	
Owner Soft Costs Contingency	873,534	\$8,914/unit	
Subtotal Contingencies	2,525,364	\$25,769/unit	
Total Development Costs	71,989,337	\$734,585/unit	
Cash Developer Fee	1,936,331		
Development Sources			
Federal LIHTC Equity	23,893,839	\$243,815/unit	33.2%
State LIHTC Equity	10,680,000	\$108,980/unit	14.8%
Solar Equity	-	-	-
Permanent Loan (Tranche A)	18,200,000	\$185,714/unit	25.3%
Permanent Loan (Tranche B)	942,280	\$9,615/unit	
Deferred Developer Fee	5,936,153	\$60,573/unit	8.2%
San Diego Housing Commission	5,000,000	\$51,020/unit	6.9%
City of San Diego BTH	3,175,000	\$32,398/unit	4.4%
Interest on Cash Back Forward (Tax-Exempt)	1,277,640	\$13,037/unit	1.8%
Interest on Cash Back Forward (Taxable)	2,211,300	\$22,564/unit	3.1%
Residual Receipt Loans Accrued Interest	673,125	\$6,869/unit	0.9%
Miscellaneous #1	-	-	-
Total Development Sources	71,989,337	\$734,585/unit	

Assumptions

Tax Credit Considerations					
Active Scenario - Credit Type					
130% Boost					4%
Rural Designation					Yes
Prevailing Wage (State, Federal, Both):					No
Housing Set Aside					No
Equity:					Large Family
	Closing	90% Completion	Pay-in	Conversion	8,609
Fed	10.00%	0.00%	0.00%	89.08%	0.92%
State	0.00%	0.00%	0.00%	97.50%	2.50%
Federal Tax Credit Price \$0.780					
State Tax Credit Price \$0.890					
Solar Tax Credit Price \$0.000					
9% Credit Rate 9.00%					
4% Credit Rate 4.00%					
LP Interest 99.99%					
10 Yr Federal Tax Credits 30,636,190					
3 Yr State Credits 12,000,000					
Federal Tax Credits / Unit 312,614					
State Tax Credits / Unit 122,449					
Debt					
Opr. Exp./Unit/Year 7,000					
Services Exp./Unit/Year 250					
Replacement Reserves/Unit/Year 250					
Vacancy Rate 5.00%					
DCR 1.15					
Perm Loan Amort 40					
Interest Rate - Permanent Loan 6.50%					
Interest Rate - Tax-Exempt Construction Loan 6.50%					
Interest Rate - Taxable Construction Loan 6.75%					
Interest Rate - Blended 6.66%					
Interest Reserve Rate - Tax-Exempt Construction Loan 7.25%					
Interest Reserve Rate - Taxable Construction Loan 7.50%					
Tax- Exempt Bonds - Construction/Permanent 18,200,000					
Tax- Exempt Bonds - Construction 0					
Total Tax- Exempt Bonds 18,200,000					
Taxable Construction Loan 31,505,035					
Total Construction Loan 49,705,035					
25% Test 26.77%					
Safehold? Off					
Check 1,000,000					
TE Cash Back Forward? 2.65% On					
Taxable Cash Back Forward? 3.75% On 31,500,000					
Positive Earnings? 3.51% On					

Preliminary Development Programming Summary

City:		Construction Type:	
MSA:		No. of Stories:	
4 Person 50% AMI:		Parking Type:	
Site (acres):		No. of Stalls:	
Impact Fees per Unit:	20,000	Extraordinary Cond:	
County:	SAN DIEGO	Solar:	No
Resource:	Highest Resource		

Project Unit & AMI Mix

AMI	Studio	1BR	2BR	3BR	4BR	Totals
80%	0	0	0	0	0	0
70%	0	4	11	16	0	31
60%	0	20	10	10	0	40
50%	0	4	3	4	0	11
40%	0	0	0	0	0	0
30%	0	7	4	4	0	15
20%	0	0	0	0	0	0
Mgr.	0	0	0	1	0	1
Totals	0	35	28	35	0	98
UA	67	57	59	61	180	

Project Timing

Tax Credit Allocation	8/1/2025
Construction Begin - Initial Closing	5/1/2026
Construction Complete	5/1/2028
Lease Up Complete	8/1/2028
Conversion/Stabilization	12/1/2028
8609	12/1/2029

Miscellaneous

Max DF	3,398,161
2026 Rent Growth	Off
Assumed Retail Cost	366,623

Cash Flow

	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
Net Income	2,316,440	2,374,351	2,433,710	2,494,553	2,556,917	2,620,840	2,686,361	2,753,520	2,822,358	2,892,917	2,965,239	3,039,370	3,115,355	3,193,239	3,273,070	3,354,896
Operating Expenses	686,000	710,010	734,860	760,580	787,201	814,753	843,269	872,784	903,331	934,948	967,671	1,001,539	1,036,593	1,072,874	1,110,424	1,149,289
Net Operating Income	1,630,440	1,664,341	1,698,850	1,733,972	1,769,716	1,806,087	1,843,091	1,880,736	1,919,027	1,957,969	1,997,569	2,037,831	2,078,762	2,120,365	2,162,645	2,205,607
Debt Service	1,250,638	1,250,638	1,250,638	1,353,048	1,353,048	1,353,048	1,353,048	1,353,048	1,353,048	1,353,048	1,353,048	1,353,048	1,353,048	1,353,048	1,353,048	1,353,048
Services	24,500	25,358	26,245	27,164	28,114	29,098	30,117	31,171	32,262	33,391	34,560	35,769	37,021	38,317	39,658	41,046
Replacement Reserves	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500	24,500
Issuer Fees	25,435	25,435	25,435	25,435	25,435	25,435	25,435	25,435	25,435	25,435	25,435	25,435	25,435	25,435	25,435	25,435
Mandatory Payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Managing GP/LP Fee	10,800	11,178	11,569	11,974	12,393	12,827	13,276	13,741	14,222	14,719	15,234	15,768	16,320	16,891	17,482	18,094
Residual Cash Flow	294,567	327,232	360,462	291,852	326,225	361,178	396,716	432,841	469,560	506,876	544,791	583,311	622,438	662,174	702,522	743,484
DSCR	1.24	1.27	1.30	1.22	1.25	1.28	1.30	1.33	1.36	1.39	1.41	1.44	1.47	1.50	1.53	1.56

OPERATING BUDGET & INCOME ANALYSIS

Hillcrest Hall

Proj 2026 Rent Growth

5.74%

Off

County **SAN DIEGO**

Rent:	Restriction	%AM	Units	Square Feet/Unit	Total Sq. Ft.	Gross Rents	Utility Allowance	Monthly Net Rent	Annual Rent
1BR/1BA	LIHTC	80%	0	491	0	\$ 2,481	\$ 56.70	\$ 2,424	\$ -
1BR/1BA	LIHTC	70%	4	491	1,964	\$ 2,170	\$ 56.70	\$ 2,113	\$ 101,438
1BR/1BA	LIHTC	60%	20	491	9,820	\$ 1,860	\$ 56.70	\$ 1,803	\$ 432,792
1BR/1BA	LIHTC	50%	4	491	1,964	\$ 1,550	\$ 56.70	\$ 1,493	\$ 71,678
1BR/1BA	LIHTC	40%	0	491	0	\$ 1,240	\$ 56.70	\$ 1,183	\$ -
1BR/1BA	LIHTC	30%	7	491	3,437	\$ 930	\$ 56.70	\$ 873	\$ 73,357
1BR/1BA	LIHTC	20%	0	491	0	\$ 620	\$ 56.70	\$ 563	\$ -
2BR/1BA	LIHTC	80%	0	706	0	\$ 2,978	\$ 58.90	\$ 2,919	\$ -
2BR/1BA	LIHTC	70%	11	706	7,766	\$ 2,605	\$ 58.90	\$ 2,546	\$ 336,085
2BR/1BA	LIHTC	60%	10	706	7,060	\$ 2,233	\$ 58.90	\$ 2,174	\$ 260,892
2BR/1BA	LIHTC	50%	3	706	2,118	\$ 1,861	\$ 58.90	\$ 1,802	\$ 64,876
2BR/1BA	LIHTC	40%	0	706	0	\$ 1,489	\$ 58.90	\$ 1,430	\$ -
2BR/1BA	LIHTC	30%	4	706	2,824	\$ 1,116	\$ 58.90	\$ 1,057	\$ 50,741
2BR/1BA	LIHTC	20%	0	706	0	\$ 744	\$ 58.90	\$ 685	\$ -
3BR/2BA	LIHTC	80%	0	989	0	\$ 3,441	\$ 61.17	\$ 3,380	\$ -
3BR/2BA	LIHTC	70%	16	989	15,824	\$ 3,010	\$ 61.17	\$ 2,949	\$ 566,175
3BR/2BA	LIHTC	60%	10	989	9,890	\$ 2,580	\$ 61.17	\$ 2,519	\$ 302,260
3BR/2BA	LIHTC	50%	4	989	3,956	\$ 2,150	\$ 61.17	\$ 2,089	\$ 100,264
3BR/2BA	LIHTC	40%	0	989	0	\$ 1,720	\$ 61.17	\$ 1,659	\$ -
3BR/2BA	LIHTC	30%	4	989	3,956	\$ 1,290	\$ 61.17	\$ 1,229	\$ 58,984
3BR/2BA	LIHTC	20%	0	989	0	\$ 860	\$ 61.17	\$ 799	\$ -
3BR/2BA	n/a	Manager	1	989	989				
Total Rents			98		71,568				2,419,542
Community Room/Office					3,000				
% Loss to Efficiency				18%	16,369				
Construction Square Feet, excluding commercial					90,937				
RA Overhang									0
Income from Operations					PUPM				
Laundry					\$ 12.00				14,112
Other Income (App. Fees, Late, etc.)					\$ 4.00				4,704
Garage					\$ -	0 Garages			0
Cable & Highspeed Data Income					\$ -				0
Telephone Income					\$ -				0
Sub-Total					\$ 16.00				2,438,358
Less: Vacancies @ 5.0%									121,918
Commercial Income					-	\$2.00/sq ft			0
Less: Vacancies @ 50%					310				0
Total Income									2,316,440
Operating Expenses					PUPA		Notes		
Lease Payment					\$ -				0
Management Fee					\$ -				0
Utilities					\$ -				0
Payroll					\$ -				0
Repair & Maintenance					\$ -				0
Insurance					\$ -				0
Real Estate Taxes					\$ -				0
Other					\$ 7,000				686,000
Total Expenses					\$ 7,000				686,000
Net Operating Income									1,630,440
Reserves \$250/unit									24,500
Services \$250/unit per unit									24,500
SDHC Issuer and Monitoring Fee					0.05%				25,435
Mandatory Debt Service					0.420%				0
Net Income Available for Debt Service									1,556,005

2025 Rents
\$ 2,481
\$ 2,170
\$ 1,860
\$ 1,550
\$ 1,240
\$ 930
\$ 620
\$ 2,978
\$ 2,605
\$ 2,233
\$ 1,861
\$ 1,489
\$ 1,116
\$ 744
\$ 3,441
\$ 3,010
\$ 2,580
\$ 2,150
\$ 1,720
\$ 1,290
\$ 860

PBVs Awarded?			Off
# of Units	Assumptions HUD FMRs	Annual Overhang	
0	\$ 2,235	\$ -	
0	\$ 2,235	\$ -	
0	\$ 2,235	\$ -	
0	\$ 2,235	\$ -	
0	\$ 2,235	\$ -	
0	\$ 2,235	\$ -	
0	\$ 2,235	\$ -	
0	\$ 2,905	\$ -	
0	\$ 2,905	\$ -	
0	\$ 2,905	\$ -	
0	\$ 2,905	\$ -	
0	\$ 2,905	\$ -	
0	\$ 2,905	\$ -	
0	\$ 4,105	\$ -	
0	\$ 4,105	\$ -	
0	\$ 4,105	\$ -	
0	\$ 4,105	\$ -	
0	\$ 4,105	\$ -	
0	\$ 4,105	\$ -	
0	\$ -	\$ -	
0			0

BRs	Market Rent	2025 70% AMI
1BR	2,700	2,113
2BR	3,500	2,546
3BR	4,275	2,949

Per Safehold LOI Amendment (9/16/25)	1,630,440	1,522,156	30 Yr Treasury	4.55%
NOI	1,630,440	1,522,156		
Factor	3.40	3.25	Spread	0.50%
Lease Payment	479,750	468,356	Buffer	-
Purchase Price	9,500,000	9,300,000	Rate	5.05%
Soft Loan	1,000,000	800,000		
Lease Payment	479,750	469,650		

3,815
0

19,259,151
18,200,000

DSC TEST 1.15

Loan Sizing	Tranche A	Tranche B	Tranche C	
Loan Amount	18,200,000	942,280	0	1,630,440
Interest	6.50%	7.50%		1,571,156
Term	17	17		59,284
Amortization	40	40		
Debt Service Coverage	1.15	1.15		
Monthly Payment	106,553	6,201		
Annual Payment	1,278,638	74,410		

LIHTC & Basis Calculation
Hillcrest Hall

DESCRIPTION OF COSTS	ACTUAL OR EST. OF COSTS	Eligible Basis?	30% ELIGIBLE BASIS
LAND COST/ACQUISITION			
Land Cost or Value	8,500,000	No	XXXXXXXXXX
Demolition	206,600	No	XXXXXXXXXX
Legal	-	No	XXXXXXXXXX
Land Lease Rent Prepayment	-	No	XXXXXXXXXX
Existing Improvements Cost or Value	-	Yes - Acq.	-
Off-Site Improvements	-	Yes	-
Predevelopment Interest/Holding Cost	-	Yes	-
Assumed, Accrued Interest on Existing Debt (Rehab/Acq)	-	Yes	-
Excess Purchase Price Over Appraisal	-	No	XXXXXXXXXX
Other: (Specify)	-	No	XXXXXXXXXX
Total Land / Acquisition	8,706,600		-
NEW CONSTRUCTION			
Off-Site Improvements	250,000	Yes	250,000
Site Work	500,000	Yes	500,000
Structures	27,763,114	Yes	27,763,114
General Requirements	1,710,787	Yes	1,710,787
Contractor Overhead	1,140,525	Yes	1,140,525
Contractor Profit	1,140,525	Yes	1,140,525
Prevailing Wages	-	Yes	-
General Liability Insurance	325,050	Yes	325,050
Urban Greening	-	Yes	-
Bond Premium	-	Yes	-
Other: (Specify)	-	Yes	-
Other: (Specify)	-	Yes	-
Other: (Specify)	-	Yes	-
Other: (Specify)	-	Yes	-
Total New Construction	32,830,000		32,830,000
ARCHITECTURAL + SURVEY + ENGINEERING			
Design / Supervision	1,230,000	Yes	1,230,000
Supervision	-	Yes	-
Total Survey & Engineering	700,000	Yes	700,000
Other: (Specify)	-	Yes	-
Other: (Specify)	-	Yes	-
Total Architectural	1,930,000		1,930,000
CONSTRUCTION PERIOD EXPENSES			
Construction Loan Interest	5,464,029	Partial	4,093,858
Origination Fee	372,788	Partial	298,230
Credit Enhancement/Application Fee	15,000	Yes	15,000
Other: Soft Loan Construction Interest	-	Partial	-
Cost of Issuance	93,197	Yes	93,197
Title & Recording	100,000	Yes	100,000
Taxes	-	Yes	-
Insurance	328,000	Yes	328,000
Inspections/SDGE	500,000	Yes	500,000
Bond Holder Interest (Tax-Exempt)	964,600	Yes	964,600
Bond Holder Interest (Taxable)	2,362,500	Yes	2,362,500
Accrued Interest on Residual Receipt Loans	673,125	Partial	554,271
Bond Underwriter/Investment Banking Fee	348,500	Yes	348,500
Total Construction Period Expense	11,221,738		9,658,156
PERMANENT FINANCING EXPENSES			
Loan Origination Fee	-	No	XXXXXXXXXX
Credit Enhancement/Application Fee	-	No	XXXXXXXXXX
Title & Recording	25,000	No	XXXXXXXXXX
Taxes	-	No	XXXXXXXXXX
Insurance	-	No	XXXXXXXXXX
Legal for Perm Loan	75,000	No	XXXXXXXXXX
Other: (Specify)	31,750	No	XXXXXXXXXX
Other: (Specify)	-	No	XXXXXXXXXX
Total Permanent Financing	131,750		-
LEGAL FEES			
Legal Paid by Applicant	75,000	Yes	75,000
Lender Legal	75,000	Yes	75,000
Other: Investor Legal	50,000	No	XXXXXXXXXX
Other: Bond Issuer Legal	50,000	No	XXXXXXXXXX
Other: MGP Legal	25,000	Yes	25,000
Other: Safehold Due Diligence & Legal	-	No	XXXXXXXXXX
Other: SDHC/BTH Legal	50,000	No	XXXXXXXXXX
Total Legal Fees	325,000		175,000
CAPITALIZED RESERVES			

Yes ---->Capitalize Thru QE?

Yes ---->Capitalize Thru QE?

Yes ---->Capitalize Thru QE?

Operating Reserve	704,494	No	XXXXXXXXXX
Replacement Reserve	-	No	XXXXXXXXXX
Transition Reserve	-	No	XXXXXXXXXX
Lease-Up Reserve	-	No	XXXXXXXXXX
Other: Soft Loan Debt Service Reserve	-	No	XXXXXXXXXX
Other: (Specify)	-	No	XXXXXXXXXX
Other: (Specify)	-	No	XXXXXXXXXX
Total Reserves	704,494		-
CONTINGENCY COSTS			
Construction Hard Cost Contingency	1,651,830	Yes	1,651,830
Soft Cost Contingency	873,534	Yes	873,534
Other: (Specify)	-	Yes	-
Other: (Specify)	-	Yes	-
Other: (Specify)	-	Yes	-
Total Contingency	2,525,364		2,525,364
OTHER			
TCAC App/Allocation/Monitoring Fees	100,536	No	XXXXXXXXXX
Environmental Audit	50,000	Yes	50,000
Local Development Impact Fees	1,960,000	Yes	1,960,000
Permit Processing Fees	490,000	Yes	490,000
Capital Fees	-	Yes	-
Marketing	150,000	No	XXXXXXXXXX
Furnishings	150,000	Yes	150,000
Market Study	15,000	Yes	15,000
Accounting/Reimbursable	50,000	Yes	50,000
Appraisal Costs	20,000	Yes	20,000
Construction Management	-	Yes	-
Prevailing Wage Monitoring	-	Yes	-
Other: Relocation Cost	57,530	Yes	57,530
Other: Environmental Remediation	-	No	XXXXXXXXXX
Other: CDLAC Fee	6,370	Yes	6,370
Other: Miscellaneous Third-Party Costs	692,470	Yes	692,470
Other: Predevelopment Loan Interest	2,000,000	Yes	800,000
Other: (Specify)	-	Yes	-
Total Other Costs	5,741,906		4,291,370
DEVELOPER COSTS			
Developer Fee Limit - Per Application (4%)	3,398,161		3,398,161
Developer Fee Calculation	7,872,484		7,872,484
Developer Overhead/Profit	7,872,484	Yes	7,872,484
Consultant/Processing Agent	-	Yes	-
Project Administration	-	Yes	-
Broker Fees Paid to a Related Party	-	Yes	-
Construction Oversight by Developer	-	Yes	-
Other: (Specify)	-	Yes	-
Total Developer Costs	7,872,484		7,872,484
TOTAL RESIDENTIAL COSTS	71,989,337		59,282,374
TOTAL COMMERCIAL COSTS	-		-
TOTAL PROJECT AND BASIS COSTS	71,989,337		59,282,374
Adjustment for Excess Basis / Commercial&Retail			366,623
Additional Amount Excluded From Basis - Solar Equity			
Requested Undadjusted Eligible Basis			58,915,751
130% DIFFICULT DEVELOPMENT FACTOR?	<input type="checkbox"/> Yes		76,590,476
Credit Reduction			-
Total Adjusted Qualified Basis			76,590,476
TX CREDITS @ % LI Eligible@ Tx Credit Rt			4.00%
TX CREDITS @ % LI Eligible			3,063,619
TX CREDITS OVER TEN YEARS			30,636,190
TX CREDIT EQ'Y@\$/Credit@% Investment	\$0.7800	99.99%	23,893,839
Additional Amount Voluntarily Excluded From Basis- State Only			19,282,374
Requested Undadjusted Eligible Basis- State Only			40,000,000
State Tax Credits - 13% of Eligible Basis & Over 4 Yrs	30.00%		12,000,000
State Tax Credits Equity	\$ 0.8900	100.00%	10,680,000
Solar Credits - 22% of Eligible Basis	22.00%		1,140,525
Solar Equity	\$ -	100.00%	-
Solar Rebates			-

40.0%

On CDLAC TB Benefit
161,000

ATTACHMENT 4 HOUSING COMMISSION MULTIFAMILY HOUSING REVENUE BOND PROGRAM SUMMARY

General Description: The multifamily housing bond program provides below-market financing (based on bond interest being exempt from income tax) for developers willing to set aside a percentage of project units as affordable housing. Multifamily housing revenue bonds are also known as "private activity bonds" because the projects are owned by private entities, often including nonprofit sponsors and for-profit investors.

Bond Issuer: Housing Authority of the City of San Diego. There is no direct legal liability to the City, the Housing Authority or the Housing Commission in connection with the issuance or repayment of bonds. There is no pledge of the City's faith, credit or taxing power nor of the Housing Authority's faith and credit. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

Affordability: Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

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

Approval Process:

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

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

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

- Application for Bond Allocation: The issuance of these "private activity bonds" (bonds for projects owned by private developers, including projects with nonprofit sponsors and for-profit investors) requires an allocation of bond issuing authority from the State of California. To apply for an allocation, an application approved by the Housing Commission and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.
- Final Bond Approval: The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Prior to final consideration of the proposed bond issuance, the project must comply with all applicable financing, affordability, and legal requirements and undergo all required planning procedures/reviews by local planning groups, etc.
- Funding and Bond Administration: All monies are held and accounted for by a third party trustee. The trustee disburses proceeds from bond sales to the developer in order to acquire and/or construct the housing project. Rental income used to make bond payments is collected from the developer by the trustee and disbursed to bond holders, if rents are insufficient to make bond payments, the trustee obtains funds from the credit enhancement provider. No monies are transferred through the Housing Commission or Housing Authority, and the trustee has no standing to ask the issuer for funds. Bond Disclosure: The offering document (typically a Preliminary Offering Statement or bond placement memorandum) discloses relevant information regarding the project, the developer, and the credit enhancement provider. Since the Housing Authority is not responsible in any way for bond repayment, there are no financial statements or summaries about the Housing Authority or the City that are included as part of the offering document. The offering document includes a paragraph that states that the Housing Authority is a legal entity with the authority to issue multifamily housing bonds and that the Housing Commission acts on behalf of the Housing Authority to issue the bonds. The offering document also includes a paragraph that details that there is no pending or threatened litigation that would affect the validity of the bonds or curtail the ability of the Housing Authority to

issue bonds. This is the extent of the disclosure required of the Housing Authority, Housing Commission, or the City. However, it is the obligation of members of the Housing Authority to disclose any material facts known about the project, not available to the general public, which might have an impact on the viability of the project.

April 01, 2026

Mr. Matt Granum
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, California 92101

RE: Hillcrest Hall

Dear Mr. Granum:

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

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

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

CURRENT PROJECT STATUS AND THE PROPOSED DEVELOPMENT

The Project will consist of the acquisition of the Site located at 1601 University Avenue, San Diego CA 92103, and the construction of a 98-unit development (the "Development"). Project would be financed by, among other sources, equity raised from the sale of 4% low-income housing tax credits, subordinate loan from the San Diego Housing Commission and the City of San Diego, and publicly-sold tax-exempt and taxable debt issued by the Housing Authority of the City of San Diego (the "Housing Authority"). 97 units of the Development (i.e., excluding one manager's unit) will be subject to affordability restrictions as further described herein.

The Site is owned by the Seller, 1601 University Ave LLC – a party related to the Borrower. The Seller and the Borrower have entered into a purchase and sale agreement providing for the purchase of the property by the Borrower from Seller.

On June 21, 2024, the Commission adopted a resolution (no. HC-2018) evidencing the official intent, on behalf of the Housing Authority of the City of San Diego, to conduct a tax-exempt issuance in the not-to-exceed amount of \$40,000,000 for the Project. The resolution also approved submittal of the application to the California Debt Limit Allocation Committee ("CDLAC") for an allocation of private activity tax-exempt authority for the Project.

The Commission is authorized to hold TEFRA hearings pursuant to Multifamily Mortgage Revenue Bond Program Policy Amendments the Housing Authority approved March 9, 2021 (Report No. HAR20-043;

Resolution No. HA-1906). The public hearing required pursuant to Section 147(f) of the Internal Revenue Code for tax-exempt issuances ("TEFRA") will be held by the Commission at its meeting of April 16, 2026. The resulting TEFRA resolution will be approved by the Housing Authority Board at its meeting of May 12, 2026. The TEFRA hearing remains valid through one year after the hearing date.

On May 20, 2025, the Housing Authority submitted an application to CDLAC for \$26,250,000 in private activity tax-exempt issuance authority for the Project. On August 05, 2025, CDLAC awarded \$26,250,000 in private activity tax-exempt allocation to the Housing Authority for the Project. At the request of the Borrower, Authority subsequently requested, and received on September 05, 2025, a revised CDLAC Resolution (No. 25-214) for a revised allocation amount of \$18,200,000, providing application of the tax credit "25% Test" – rather than the "50% Test" – to Project. The allocation expiration date for the CDLAC allocation is June 02, 2026

THE PROPOSED FINANCING

The Developer proposes that the Housing Authority issue up to \$18,200,000 in Tax-Exempt Bonds, and \$31,500,000 in Taxable Bonds. The Tax-Exempt Bonds and the Taxable Bonds would be publicly sold and rated. Both series of bonds would be 100% cash-collateralized with the proceeds of a Taxable Construction Loan to the Borrower from Citibank. The Bonds would receive a rating from Moodys ("Aa1" expected) on the basis of the 100% cash collateral. The Tax-Exempt bonds and the Taxable bonds would be purchased from the Housing Authority and sold to the public by the investment banking firm Stifel Public Finance, pursuant to a Bond Purchase Agreement (BPA) between Stifel Public Finance, the Housing Authority, and the Borrower. Marketing of the Bonds to the public will be on the basis of disclosures provided in a Preliminary Official Statement (which shall become a final Official Statement upon sale and delivery of the Bonds).

According to projections provided by the Developer, the total development cost ("TDC") totals approximately **\$67,827,270¹**.

Hillcrest Hall: Construction and Permanent Source Summary²

	Construction	Permanent
Tax-Exempt Bond	18,200,000	18,200,000
Taxable Bond	31,500,000	0
Taxable Construction Loan	0	942,280
Interest Earnings	3,488,940	0
Tax Credit Equity (Federal)	2,389,380	23,893,840
Tax Credit Equity (State)	0	10,680,000
San Diego Housing Commission	4,750,000	5,000,000
City of San Diego	3,175,000	3,175,000
Deferred Developer Fee	0	5,936,150
Total Sources	63,503,320	67,827,270

¹ Net of interest earnings and accrued interest
² Source: Developer projections. Rounding by CSG.

Hillcrest Hall: Permanent Use Summary³

	Permanent
Land and Acquisition Costs	8,706,600
Construction Costs	32,830,000
Construction Contingency	1,651,830
Net Construction Expenses and Interest	7,049,660
Developer Fee	7,872,480
Operating Reserve	704,490
Other Hard and Soft Costs	<u>9,012,210</u>
Total Uses	67,827,270

Ownership

The Project will be owned by the Borrower. The Borrower, Hillcrest Hall LP, will consist of:

- Managing General Partner (0.0024%): Bold Hillcrest LLC
- Administrative General Partner 1 (0.0025%): Hillcrest Hall AGP LLC
- Administrative General Partner 2 (0.0051%): E. Smith Hillcrest Hall LLC
- Investor Limited Partner (99.99%) : An entity of Redstone

Bold Communities will be the sole member of the Managing General Partner; CRP Affordable Housing and Community Development LLC will be the sole member of the Administrative General Partner 1; and E. Smith and Company, Inc will be the sole member and manager of Administrative General Partner 2.

Tax-Exempt Bond Structure and Credit Enhancement

Construction Loan

The Developer proposes that the Housing Authority issue up to \$18,200,000 in Tax-Exempt Bonds, and 31,500,000 in Taxable Bonds. The Tax-Exempt Bonds and the Taxable Bonds would be publicly sold and rated. Both series of bonds would be 100% cash-collateralized with the proceeds of a Taxable Construction Loan to the Borrower from Citibank. The Bonds would receive a rating from Moodys (expected) on the basis of the basis of the 100% cash collateral.

The construction period would be approximately 24 months.

At issuance, all bond proceeds would be deposited to the respective Project Funds in the respective Indentures. In order to release funds held in the Project Funds to pay a draw for eligible project costs, the Borrower will first deposit to the respective Collateral Account under each Indenture, from a draw on the Taxable Construction Loan, an amount equal to the requested draw. Upon deposit of the required amount to the respective Collateral Account, a like amount will be released from the respective Project Fund to honor the construction draw.

During the construction period, the Bonds shall only be subject to interest-only payments.

At completion of construction, the Bonds shall be subject to a mandatory tender, and bondholders shall tender all bonds to the Trustee. The Trustee shall use the collected funds in the Collateral Accounts (and any remaining funds in the Project Funds) to pay for the bonds tendered by bondholders.

³ Source: Developer projections. Rounding by CSG.

With respect to the Taxable Bonds so tendered and purchased, the trustee shall redeem 100% of the tendered bonds.

Permanent Loan

In respect of the Tax-Exempt Bonds so tendered and purchased, Citibank will provide a tax-exempt “back-to-back” permanent loan (“Tranche A Loan”) on a private placement basis, subject to a Funding Loan Agreement between the Housing Authority and Citibank, and a Borrower Loan Agreement between the Borrower and the Housing Authority. The Tranche A Loan will be neither credit-enhanced nor rated. The tax-exempt Tranche A loan must meet the minimum requirements of the Commission’s policies for such issues (e.g., maximum \$100,000 minimum denominations, no more than 15 Bondholders, etc).

In addition to the Tranche A Loan, Citibank will provide the Borrower a direct, taxable permanent loan in the approximate amount of \$942,280 (“Tranche B Loan”). This loan will “hyper-amortize” i.e., until repaid, all scheduled, amortizing principal from the Tranche A Loan and the Tranche B Loan will be directed to principal payments of the Tranche B Loan^{4,5}.

Projected Issuance Date

The Developer proposes that the Housing Authority issue the Bonds on or about June 8, 2026. The Authority received an initial allocation tax-exempt authority in the amount of \$26,250,00 from CDLAC at its August 05, 2025 allocation meeting date. At the request of the Borrower, Authority subsequently requested, and received on September 05, 2025, a revised CDLAC Resolution (No. 25-214) for a revised allocation amount of \$18,200,000, providing for application of the tax credit “25% Test” – rather than the “50% Test” – to the Project. The allocation expiration date for the CDLAC allocation is June 02, 2026. As the expected issuance date lay beyond the allocation expiration date, the Housing Authority expects to request an extension of the allocation expiration date from CDLAC.

Commission Financial Involvement

The Commission has provided a commitment for a \$5,000,000 loan for the project. The Commission’s loan will be funded by \$2,900,000 HOME Funds, \$500,000 Inclusionary Funds, and \$1,600,000 linkage funds. The Commission Loan was approved by the Commission board on June 21, 2024.

⁴ Analysis by CSG estimates that hyper-amortization to require approx. 8 years to fully repay the Tranche B loan

⁵ The existing Citibank Term Sheet (11/03/2025) does not reference the Tranche B, but is proposed by the borrower and subject to underwriting.

Affordability Restrictions

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

Source of Restriction	Restriction	Expiration Date
California Tax Credit Allocation Committee (CTCAC; and Tax-Exempt Bond (CDLAC)	15 units at 30% AMI 11 units at 50% AMI 40 units at 60% AMI 31 units at 70% AMI (CTCAC, only)	55 years
San Diego Housing Commission	15 units at 30% AMI 11 units at 50% AMI 40 units at 60% AMI 31 units at 70% AMI	55 years
City of San Diego “Complete Communities”	5 units at 50% AMI 7 units at 60% AM 5 units at 120% AMI	55 years

PROJECT’S PROJECTED FINANCIAL STATUS

Under the proposed financing – according to information provided by the Developer and analysis by CSG – annual debt service on the proposed senior permanent loan (Tranche A and Tranche B) of \$19,142,280 would total approximately \$1,353,048. According to preliminary information provided by the Developer and analysis by CSG, stabilized annual cash flow (before reserves) after construction and lease-up (including Issuer fees) would total approximately \$299,646 at a debt coverage ratio (DCR) of 1.22. Cash flow after reserves would total approximately \$250,464 at a DCR of 1.20. The Citibank debt coverage minimum is 1.15.

THE BENEFITS AND RISKS TO THE COMMISSION

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

As proposed, the financing will create 97 affordable units in the City of San Diego. These units will remain long-term affordable for approximately 55 years under the CDLAC, CTCAC, Commission, and City of San Diego restrictions.

If the Authority issues the Bonds, the Commission will receive a fee at closing of 0.25% of the issue amount (approximately \$124,260) and an annual fee equal to the greater of \$10,000 and 0.125% of the outstanding Notes.

PUBLIC PURPOSE

The proposed financing will result in the creation of 97 affordable family housing units in the City of San Diego. The proposed financing will result in new CDLAC, CTCAC, Commission, and City of San Diego regulatory restrictions as follows (most restrictive) for 55 years:

- 15 units at 30% AMI
- 11 units at 50% AMI
- 40 units at 60% AMI
- 31 units at 70% AMI

NEGOTIATION OF ADDITIONAL PUBLIC BENEFIT

As noted above, the financing will result in long-term affordability restrictions on 97 units within the Project.

RECOMMENDATIONS

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

- The financing will create 97 affordable family units in the City of San Diego with long-term affordability covenants.
- The Commission has received tax-exempt authority of \$18,200,000 from CDLAC for the Project.
- Citibank, Redstone, and Stifel are currently underwriting the Project.
- The Commission will not be responsible for costs of issuance. The Commission will receive an issuance fee at closing of approximately \$124,260, and a long-term annual fee equal to the greater of \$10,000 and 0.125% the outstanding Bonds and Notes.
- The net Tax-Exempt Bond and Note financing and tax credit equity will provide approximately \$52,773,840 for development costs.

Contingent Items

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

- As of this writing, neither Citibank, Redstone, nor Stifel has provided final credit approval for the financing. The Rating Agency has not yet provided a rating. The Bonds cannot be issued without these final approvals.
- Final Bond and Note documents including the approving resolution, Bond Purchase Agreement, and Preliminary Official Statement must be approved by the Housing Authority.
- Issuance of the Tax-exempt bonds will likely require an extension of the June 02, 2026 CDLAC allocation expiration date.

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

Sincerely,
CSG Advisors

A handwritten signature in blue ink, appearing to read 'John Hamilton', is written over a light gray rectangular background.

John Hamilton

Exhibit A

Hillcrest Hall

date of rev:

3/31/26

Long-Term Loan

	Tranche A	Tranche B ³	Total
Principal Amount ^{1,2}	\$ 18,200,000	\$ 942,280	\$ 19,142,280
Mortgage Rate ^{4,5}	6.500%	7.500%	
Amortization Term (yrs) ¹	40	40	
Underwriting Monthly Debt Service ^{6,7}	\$ 106,553	\$ 6,201	\$ 112,754
Underwriting Annual Debt Service ⁸	\$ 1,278,638	\$ 74,410	\$ 1,353,048

¹ Source: Tranche A (Tax-Exempt): Borrower financial projections (3/19/2026)

² Citibank Term Sheet (11/03/2025) shows only \$13,180,000

³ Citibank Term Sheet (11/03/2025) does not reflect a "Tranche B (Taxable)." Borrower provided verbal representation of hyper-amortized taxable tranche, with normal amortizing principal payments from Tranche A and Tranche B directed to the principal and interest payments of Tranche B. Borrower and Citi have not yet provided a written termsheet reflecting the Tranche B.

⁴ Source Borrower financial projections (3/19/2026).

⁵ Tranche A indicative rate at the time of Citi Termsheet is 6.18%, equaling the then 18-yr SOFR Swap Index + 2.20%. The indicative rate as of March 31, 2026 would be

4.12% (Source: Bluegamma.io; CSG 15-20yr interpolation) + 2.2% = 6.32%

⁶ Tranche B (Taxable) Tranche B is "hyper-amortizing" i.e., all scheduled principal payments for Tranche A and B are allocated to B until Tranche B is repaid in full

⁷ Tranche A is interest only until the repayment in full of Tranche B.

⁸ Total amount required for principal interest payments based on calculation of normal amortizing payment for each tranche.

Post-Financing Operations Analysis¹

Income			Stabilized Year ²				
			1	2	3	4	5
Gross Tax Credit Rental Income ¹	2.00% Inflation		\$ 2,419,542	\$ 2,467,933	\$ 2,517,291	\$ 2,567,637	\$ 2,618,990
Other Income	2.00% Inflation		\$ 18,816	\$ 19,192	\$ 19,576	\$ 19,968	\$ 20,367
Gross Potential Income			\$ 2,438,358	\$ 2,487,125	\$ 2,536,868	\$ 2,587,605	\$ 2,639,357
Vacancy Collection Loss ³	5.00%		(121,918)	(124,356)	(126,843)	(129,380)	(131,968)
Effective Gross Income			\$ 2,316,440	\$ 2,362,769	\$ 2,410,024	\$ 2,458,225	\$ 2,507,389
Expenses							
Operating Expenses	3.00% Inflation		\$ (637,000)	\$ (656,110)	\$ (675,793)	\$ (696,067)	\$ (716,949)
RE Taxes	2.00% Inflation		\$ -	\$ -	\$ -	\$ -	\$ -
Services	0.00% Inflation		\$ -	\$ -	\$ -	\$ -	\$ -
Issuer Fee	\$ 10,000 min	0.125%	\$ (23,928)	\$ (23,928)	\$ (23,928)	\$ (23,928)	\$ (23,928)
Trustee Fee ⁴	\$ 3,000 min	0.004%	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)
Total Expenses			\$ (663,928)	\$ (683,038)	\$ (702,721)	\$ (722,995)	\$ (743,877)
Net Operating Income			\$ 1,652,512	\$ 1,679,731	\$ 1,707,303	\$ 1,735,230	\$ 1,763,512
Required Debt Service			\$ (639,428)				
Senior							
Real Estate Loan			\$ (1,353,048)	\$ (1,353,048)	\$ (1,353,048)	\$ (1,353,048)	\$ (1,353,048)
Cash Flow before Reserves			\$ 299,464	\$ 326,683	\$ 354,255	\$ 382,182	\$ 410,464
Debt Coverage Ratio Before Reserves			1.22	1.24	1.26	1.28	1.30
Reserves ⁵	250 per unit	0% Inflation	\$ (24,500)	\$ (24,500)	\$ (24,500)	\$ (24,500)	\$ (24,500)
Services	250 per unit	0% Inflation	\$ (24,500)	\$ (24,500)	\$ (24,500)	\$ (24,500)	\$ (24,500)
Cash Flow After Reserves			\$ 250,464	\$ 277,683	\$ 305,255	\$ 333,182	\$ 361,464
Overall Debt Coverage Ratio (DCR)			1.20	1.22	1.24	1.26	1.29
Cash Flow Including Commercial Income			250,464	277,683	305,255	333,182	361,464
Debt Coverage Ratio Including Commercial Income			1.20	1.22	1.24	1.26	1.29

¹ Source: Developer Projections (3/19/2026)

² Beginning in 2029, per Developer projections (03/19/2026)

³ Of Gross Potential Income.

⁴ Estimate

⁵ Per Developer projections, at Stabilized Year. Minimum reserve deposit per Citibank Loan Application (11/03/2025) \$250/unit/year

Exhibit A

Hillcrest Hall Permanent Sources and Uses of Funds

Sources ¹

Tax-Exempt Note ("Tranche A") ²	\$ 18,200,000
Taxable Loan ("Tranche B") ³	\$ 942,280
Tax Credit Equity (Federal)	\$ 23,893,840
Tax-Credit Equity (State)	\$ 10,680,000
San Diego Housing Commission	\$ 5,000,000
City of San Diego	\$ 3,175,000
Deferred Development Fee	<u>\$ 5,936,150</u>
Total Sources	\$ 67,827,270

Uses ¹

Land and Acquisition Costs	\$ 8,706,600
Construction Costs	\$ 32,830,000
Construction Contingency	\$ 1,651,830
Net Construction Expenses and Interest	\$ 7,049,660
Developer Fee	\$ 7,872,480
Operating Reserve ³	\$ 704,490
Other Hard and Soft Costs	<u>\$ 9,012,210</u>
Total Uses	\$ 67,827,270

Surplus(Deficit) ⁴ \$ -

¹ Source: Developer projections (03/219/2026) Net of interest earnings and accrued interest. Rounding by CSG

² Max loan from Citibank Termsheet (11/03/2025) is \$13,180,000



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

Statement for Public Disclosure

1. Name of CONTRACTOR: _____
2. Email: _____
2. Address and Zip Code: _____
3. Telephone Number: _____
4. Name of Principal Contact for CONTRACTOR: _____
5. Federal Identification Number or Social Security Number of CONTRACTOR: _____
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as **(you may copy and paste requested documents of any size into the boxes throughout this form)**:

A corporation **(copy and paste Articles of Incorporation here)**:

A nonprofit or charitable institution or corporation **(copy and paste Articles of Incorporation and documentary evidence verifying current, valid nonprofit or charitable status)**:

A partnership known as **(Name)**:

Check one:

General Partnership **(copy and paste statement of General Partnership)**:

Limited Partnership **(copy and paste Certificate of Limited Partnership)**:

A business association or a joint venture known as: **(copy and paste Joint Venture or Business Association Agreement)**

A Federal, State, or local government or instrumentality thereof

Other (Please explain):



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

8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:

- a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
- b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
- c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
- d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
- e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%. (Attach extra sheet if necessary)

Text will allow multiple lines

	Name/Title (if any)	Address	Phone	Email	Percent of Interest & Description of character and extent of interest
8.1					%
8.2					%
8.3					%

You may also copy and paste your complete list here:

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

Yes

No



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

Yes

No

[Empty rectangular box for response to Item 10]

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

Text will allow multiple lines

Table with 6 columns: ID, Name/Title (if any), Address, Phone, Email, Percent of Interest & Description of character and extent of interest. Rows 11.1, 11.2, 11.3.

You may also copy and paste your complete list here:

[Empty rectangular box for pasting list for Item 11]

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

Table with 5 columns: ID, Name/Title (if any), Address, Phone, Email. Rows 12.1, 12.2, 12.3.

You may also copy and paste your complete list here:

[Empty rectangular box for pasting list for Item 12]



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

Text will allow multiple lines

Table with 5 columns: ID, Name of affiliated Corporation/Firm/Business Entity, Address, Relationship to CONTRACTOR, List Common Officers/Directors/Trustees by Name. Rows 13.1, 13.2, 13.3.

You may also copy and paste your complete list here:

Empty rectangular box for pasting the complete list.

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

Empty rectangular box for providing the financial condition description.

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

Empty rectangular box for providing the financing plan statement.

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

a. In banks/savings and loans:

Name: _____

Address: _____

Amount: \$ _____

b. By loans from affiliated or associated corporations or firms:

Name: _____

Address: _____

Amount: \$ _____



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

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

Enter additional information as needed:

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

Text will allow multiple lines

	Bank Name	Bank Address	Bank Contact Name	Bank Contact Phone/Email
17.1				
17.2				
17.3				

You may also copy and paste your complete list of bank references here:

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

Yes

No

If yes, provide date, place, and under what name:

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

Yes

No



If yes, for each case, provide (1) date, (2) charge, (3) place, (4) court, and (5) action taken. ***You may copy and paste any explanation deemed necessary:***

Case 1:

Case 2:

Case 3:

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

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

Enter additional information as needed:

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

a. Name and addresses of such contractor or builder:

	Name	Address	Affiliation
21.a1			
21.a2			
21.a3			



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

Yes

No

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

--

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

c.1 General description of such work:

--

c.2 through c.4 Complete one table for each project. Text will allow multiple lines:

Project	C.2 Project Name:	
	Project Location:	
	Project Details:	
Owner	Business Name of Project Owner:	
	Principal Contact of Project Owner:	
	Principal Contact Phone & Email	
Bond	Bonding Company Name & Address:	
	Principal Bond Contact Phone & Email:	
C/O	Change Order Details:	
	Change Order Cost:	
Litigation	Litigation Location/Date:	
	Litigation Details:	
	Litigation Outcome Details:	



c.2 through c.4 Complete one table for each project. Text will allow multiple lines:

Project	C.3 Project Name:	
	Project Location:	
	Project Details:	
Owner	Business Name of Project Owner:	
	Principal Contact of Project Owner:	
	Principal Contact Phone & Email	
Bond	Bonding Company Name & Address:	
	Principal Bond Contact Phone & Email:	
C/O	Change Order Details:	
	Change Order Cost:	
Litigation	Litigation Location/Date:	
	Litigation Details:	
	Ligation Outcome Details:	



c.2 through c.4 Complete one table for each project. Text will allow multiple lines:

Project	C.4 Project Name:	
	Project Location:	
	Project Details:	
Owner	Business Name of Project Owner:	
	Principal Contact of Project Owner:	
	Principal Contact Phone & Email	
Bond	Bonding Company Name & Address:	
	Principal Bond Contact Phone & Email:	
C/O	Change Order Details:	
	Change Order Cost:	
Litigation	Litigation Location/Date:	
	Litigation Details:	
	Litigation Outcome Details:	

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

Identification of Contract or Development	Location	Amount	Date to be Completed



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

Awarding Agency	Amount	Date Opened

Enter additional information as needed:

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

23. Does any member of the governing body of the San Diego Housing Commission ("SDHC"), Housing Authority of the City of San Diego ("AUTHORITY") or City of San Diego ("CITY"), to which the accompanying proposal is being made or any officer or employee of the SDHC, the AUTHORITY or the CITY who exercises any functions or responsibilities in connection with the carrying out of the project covered by the CONTRACTOR's proposal, have any direct or indirect personal financial interest in the CONTRACTOR or in the proposed contractor?

Yes

No

If yes, explain:

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



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

Yes

No

If yes, please explain:

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

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

Check coverage(s) carried:

Comprehensive Form

Premises - Operations

Explosion and Collapse Hazard

Underground Hazard

Products/Completed Hazard

Contractual Insurance

Broad Form Property Damage

Independent Contractors

Personal Injury

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

Check coverage(s) carried:

Comprehensive Form

Owned

Hired

Non-Owned



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

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

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

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

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

28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the SDHC, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the SDHC, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES. **YES**

29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the SDHC, the AUTHORITY and/or the CITY, no member of the governing body of the locality in which the PROJECT is situated, no member of the government body in which the SDHC was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof. **YES**



30. List all citations, orders to cease and desist, stop work orders, complaints, judgments, fines, and penalties received by or imposed upon CONTRACTOR for safety violations from any and all government entities including but not limited to, the City of San Diego, County of San Diego, the State of California, the United States of America and any and all divisions and departments of said government entities for a period of five (5) years prior to the date of this statement. If none, please state:

Government Entity Making Complaint	Date	Resolution

Enter additional information as needed:

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

Yes

No

If yes, please explain in detail:

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

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

Enter additional information as needed here:



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

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

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

Date	Entity Involved (i.e. City, SDHC, et al.)	Status (Current, delinquent, repaid, etc.)	Dollar Amount

Enter additional information as needed:

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

Yes

No

If yes, please explain:



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

Yes

No

If yes, please explain:

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

1. Name: _____

Address: _____

Phone: _____

Project Name: _____

Description:

2. Name: _____

Address: _____

Phone: _____

Project Name: _____

Description:

3. Name: _____

Address: _____

Phone: _____

Project Name: _____

Description:

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



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

Name	
Experience	



CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("SDHC"), the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO ("AUTHORITY") and/or the CITY OF SAN DIEGO ("CITY"), the CONTRACTOR consents to the disclosure of any and all "Personal Information" and of any and all other information contained in this Public Disclosure Statement. CONTRACTOR specifically, knowingly and intentionally waives any and all privileges and rights that may exist under State and/or Federal Law relating to the public disclosure of the information contained herein. With respect to "Personal Information", if any, contained herein, the CONTRACTOR, by executing this disclosure statement and providing the information requested, consents to its disclosure pursuant to the provisions of the Information Practices Act of 1977, Civil Code Section 1798.24(b). CONTRACTOR is aware that a disclosure of information contained herein will be made at a public meeting or meetings of the SDHC, the AUTHORITY, and/or the CITY at such times as the meetings may be scheduled. CONTRACTOR hereby consents to the disclosure of said "Personal Information", if any, more than thirty (30) days from the date of this statement at the duly scheduled meeting(s) of the SDHC, the AUTHORITY and/or the CITY. CONTRACTOR acknowledges that public disclosure of the information contained herein may be made pursuant to the provisions of Civil Code Section 1798.24(d).

CONTRACTOR represents and warrants to the SDHC, the AUTHORITY and the CITY that by providing the information requested herein and waiving any and all privileges available under the Evidence Code of the State of California, State and Federal Law, (to the extent of this disclosure that the information being submitted herein), the information constitutes a "Public Record" subject to disclosure to members of the public in accordance with the provisions of California Government Section 6250 et seq.

CONTRACTOR specifically waives, by the production of the information disclosed herein, any and all rights that CONTRACTOR may have with respect to the information under the provisions of Government Code Section 6254 including its applicable subparagraphs, to the extent of the disclosure herein, as well as all rights of privacy, if any, under the State and Federal Law.

Executed this ____ day of _____, 20 ____, at San Diego, California.

CONTRACTOR

By: 

Signature

Paul Salib

Print Name

Chief Executive Officer

Title

Acknowledgement Form

State of NY)

)ss.:

County of Westchester

On the 25th day of April in the year 2024, before me, the undersigned notary public, personally appeared Poul Salib, personal known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

J. Lake Coviello Notary Public

JOELY LAKE COVIELLO
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 01CO0018972
Qualified in Westchester County
Commission Expires December 21, 2027



CERTIFICATION

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

By: 
Signature

Print Name: Paul Salib

Title: Chief Executive Officer

Dated: April 24, 2024

By: _____
Signature

Print Name: _____

Title: _____

Dated: _____

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

JURAT

State of California

County of _____

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 20__

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

Signature of Notary

SEAL

Acknowledgement Form

State of NY)

)ss.:

County of Westchester

On the 25th day of April in the year 2021, before me, the undersigned notary public, personally appeared Paul Solib, personal known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

J. Lake Coviello Notary Public

JOELY LAKE COVIELLO
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 01CO0018972
Qualified in Westchester County
Commission Expires December 21, 2027



Secretary of State
Statement of Information
(Limited Liability Company)

LLC-12

20-D44871

FILED

In the office of the Secretary of State
of the State of California

AUG 28, 2020

This Space For Office Use Only**IMPORTANT** — Read instructions before completing this form.**Filing Fee – \$20.00**

Copy Fees – First page \$1.00; each attachment page \$0.50;
Certification Fee - \$5.00 plus copy fees

1. Limited Liability Company Name (Enter the exact name of the LLC. If you registered in California using an alternate name, [see instructions.](#))

CRP AFFORDABLE HOUSING AND COMMUNITY DEVELOPMENT LLC

2. 12-Digit Secretary of State File Number

202023810970

3. State, Foreign Country or Place of Organization (only if formed outside of California)

DELAWARE

4. Business Addresses

a. Street Address of Principal Office - Do not list a P.O. Box 4455 Morena Boulevard, Suite #107	City (no abbreviations) San Diego	State CA	Zip Code 92117
b. Mailing Address of LLC, if different than item 4a 122 East 42nd Street, Suite 1903	City (no abbreviations) New York	State NY	Zip Code 10168
c. Street Address of California Office, if Item 4a is not in California - Do not list a P.O. Box	City (no abbreviations)	State CA	Zip Code

5. Manager(s) or Member(s)

If no **managers** have been appointed or elected, provide the name and address of each **member**. At least one name **and** address must be listed. If the manager/member is an individual, complete Items 5a and 5c (leave Item 5b blank). If the manager/member is an entity, complete Items 5b and 5c (leave Item 5a blank). Note: The LLC cannot serve as its own manager or member. If the LLC has additional managers/members, enter the name(s) and addresses on Form LLC-12A ([see instructions](#)).

a. First Name, if an individual - Do not complete Item 5b	Middle Name	Last Name	Suffix
b. Entity Name - Do not complete Item 5a Castellan Holdings LLC			
c. Address 122 East 42nd Street, Suite 1903	City (no abbreviations) New York	State NY	Zip Code 10168

6. Service of Process (Must provide either Individual **OR** Corporation.)**INDIVIDUAL** – Complete Items 6a and 6b only. Must include agent's full name and California street address.

a. California Agent's First Name (if agent is not a corporation)	Middle Name	Last Name	Suffix
b. Street Address (if agent is not a corporation) - Do not enter a P.O. Box		City (no abbreviations)	State CA

CORPORATION – Complete Item 6c only. Only include the name of the registered agent Corporation.

c. California Registered Corporate Agent's Name (if agent is a corporation) – Do not complete Item 6a or 6b

VCORP SERVICES CA, INC. (C3156773)

7. Type of Business

a. Describe the type of business or services of the Limited Liability Company

Real Estate

8. Chief Executive Officer, if elected or appointed

a. First Name Paul	Middle Name	Last Name Salib	Suffix
b. Address 122 East 42nd Street, Suite 1903	City (no abbreviations) New York	State NY	Zip Code 10168

9. The information contained herein, including any attachments, is true and correct.

08/28/2020

Date

Paul Salib

Type or Print Name of Person Completing the Form

CEO

Title

Signature

Return Address (Optional) (For communication from the Secretary of State related to this document, or if purchasing a copy of the filed document enter the name of a person or company and the mailing address. This information will become public when filed. [SEE INSTRUCTIONS](#) BEFORE COMPLETING.)

Name: []

Company:

Address:

City/State/Zip: []



April 26th, 2024

San Diego Housing Commission
Attention: Real Estate Division, Multifamily Housing Bond Program
1122 Broadway, Suite 300
San Diego CA 92101

Re: Audited Financial Statements

TO WHOEVER IT MAY CONCERN

This is to certify that the audits of 2023 financials are in progress.

Please find attached the engagement letter with the accountant for the audit of 2023 financials, audited 2022 financial statement and unaudited 2023 financial statement.

If you have any queries, please reach out to me on my email.

Sincerely,

DocuSigned by:

Paul Salib

4B2ABD89EF604C6...

Paul Salib

CEO

psalib@crpaffordable.com



**Castellan Holdings LLC and Subsidiaries
(A Limited Liability Company)**

**Consolidated Financial Statements
(Together with Independent Auditors' Report)**

For the Year Ended December 31, 2022



CASTELLAN HOLDINGS AND SUBSIDIARIES

(A Limited Liability Company)

For the Year Ended December 31, 2022

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Independent Auditors' Report

To the Managing Member
of Castellan Holdings LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of Castellan Holdings LLC and subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2022, and the related consolidated statement of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Mayer Hoffman McCann CPA's

Woodbury, NY
May 3, 2023

CASTELLAN HOLDINGS LLC AND SUBSIDIARIES**Consolidated Balance Sheet****December 31, 2022****ASSETS****CURRENT ASSETS**

Cash	\$ 11,003,434
Fees receivable	2,753,383
Deposits	166,722
Prepaid expenses	98,191
Total Current Assets	<u>14,021,730</u>

Property, equipment and leasehold improvements, net	140,793
---	---------

Investments in and advances to unconsolidated real estate entities	<u>7,386,860</u>
--	------------------

TOTAL ASSETS	<u><u>\$ 21,549,383</u></u>
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LIABILITIES AND MEMBERS' EQUITY**CURRENT LIABILITIES**

Accounts payable - trade	\$ 403,536
Accounts payable - construction	1,566,473
Accrued expenses	2,381,377
Unearned developer fees	2,170,259
Line of credit payable	3,000,000
Total Current Liabilities	<u>9,521,645</u>

MEMBERS' EQUITY	<u>12,027,738</u>
------------------------	-------------------

TOTAL LIABILITIES AND MEMBERS' EQUITY	<u><u>21,549,383</u></u>
--	---------------------------------

See Accompanying Notes to Consolidated Financial Statements.

CASTELLAN HOLDINGS LLC AND SUBSIDIARIES**Consolidated Statement of Operations****For the Year Ended December 31, 2022****REVENUES**

Property management fees and other related income	\$ 580,231
Development fees	2,116,000
Real estate lending transaction fee income	3,475,131
Construction income	4,580,296
TOTAL REVENUES	<u>10,751,658</u>

INVESTMENT INCOME

Equity in net income of CRP Affordable Housing and Community Development Fund LLC and CRP Affordable Housing Fund LLC	1,852,863
Equity in net income of CREIF II (GP) LLC	2,541,663
Equity in net gain of other investees	1,310,930
TOTAL INVESTMENT INCOME	<u>5,705,456</u>

EXPENSES

Payroll and related expenses, net	6,921,172
Professional fees	2,890,050
Rent and related expenses	435,068
Other operating and administrative expenses	800,561
TOTAL EXPENSES	<u>11,046,851</u>

INCOME BEFORE OTHER INCOME (EXPENSE)	5,410,263
--------------------------------------	-----------

OTHER INCOME (EXPENSE)

Interest income	25,259
Interest expense	(157,681)

NET INCOME	<u><u>\$ 5,277,841</u></u>
-------------------	----------------------------

See Accompanying Notes to Consolidated Financial Statements.

CASTELLAN HOLDINGS LLC AND SUBSIDIARIES
Consolidated Statement of Changes in Members' Equity
For the Year Ended December 31, 2022

Members' equity - January 1, 2022	\$	7,453,686
Contributions		1,811,714
Distributions		(2,426,167)
Syndication costs		(89,336)
Net income		<u>5,277,841</u>
Members' equity - December 31, 2022	\$	<u><u>12,027,738</u></u>

See Accompanying Notes to Consolidated Financial Statements.

CASTELLAN HOLDINGS LLC AND SUBSIDIARIES**Consolidated Statement of Cash Flows****For the Year Ended December 31, 2022****CASH FLOWS FROM OPERATING ACTIVITIES**

Net income	\$ 5,277,841
Adjustments to reconcile net income to net cash used in operating activities:	
Equity in net income of investees	(5,705,456)
Expenses not requiring use of operating funds:	
Depreciation	(43,176)
Changes in operating assets and liabilities:	
Deposits	(166,722)
Fees receivable	(309,116)
Prepaid expenses	137,558
Accounts payable - trade	(89,771)
Accounts payable - construction	739,072
Accrued Expenses	<u>2,381,377</u>
Net Cash Provided by Operating Activities	<u>2,221,607</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Receipts from investees	3,238,731
Investment in real estate companies	(2,066,919)
Receipts from affiliates	<u>4,764,096</u>
Net Cash Provided by Investing Activities	<u>5,935,908</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Line of credit proceeds	8,222,000
Line of credit repayments	(10,722,000)
Members' distributions	(2,426,167)
Contributions	1,811,714
Syndication costs	<u>(89,336)</u>
Net Cash Provided by Financing Activities	<u>(3,203,789)</u>

NET CHANGE IN CASH	4,953,726
CASH – January 1, 2022	<u>6,049,708</u>
CASH – December 31, 2022	<u>\$ 11,003,434</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW TRANSACTIONS

Cash paid during the year for interest:	<u>\$ 157,681</u>
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See Accompanying Notes to Consolidated Financial Statements.

CASTELLAN HOLDINGS LLC AND SUBSIDIARIES**Notes to Consolidated Financial Statements****For the Year Ended December 31, 2022****NOTE 1: ORGANIZATION AND NATURE OF BUSINESS**

Castellan Holdings LLC (“Castellan”) was formed in Delaware as a Limited Liability Company on March 19, 2013, for the purpose of operating a full service, vertically integrated real estate company with internal platforms including investment, property management, asset management, construction, and development of real estate.

Castellan owns the following subsidiaries:

- Liberty Place Property Management LLC is in the business of property management and other services.
- Castellan Managing Member LLC is in the business of earning carried interest and acquisition fees from certain affiliated property owners for properties acquired by affiliates of the manager.
- CRP Manager LLC is in the business of earning carried interest and acquisition fees from certain affiliated property owners for properties acquired by affiliates of the manager.
- Castellan Managing Member II LLC is in the business of earning carried interest from certain affiliated property owners for properties acquired by affiliates of the manager.
- Castellan Managing Member IV LLC is in the business of earning carried interest from certain affiliated property owners for properties acquired by affiliates of the manager.
- CRP Founders Capital Managing Member LLC is in the business of earning carried interest and acquisition fees from certain affiliated property owners for properties acquired by affiliates of the manager.
- Castellan Managing Member V LLC is in the business of earning carried interest from CRP Osbourne LLC.
- CREIF Manager LLC is in the business of earning carried interest from the Castellan Real Estate Income Fund.
- CREIF II Manager LLC is in the business of earning carried interest from the Castellan Real Estate Income Fund II.
- Ironcore Construction LLC is in the business of providing construction services.
- CRP Affordable Housing Manager LLC is in the business of managing CRP Affordable Housing and Community Development Fund LLC and CRP Affordable Housing Fund LLC.
- Castellan Capital LLC is in the business of originating real estate loans.

CASTELLAN HOLDINGS LLC AND SUBSIDIARIES**Notes to Consolidated Financial Statements****For the Year Ended December 31, 2022****NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of Presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting under accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Castellan and its wholly owned subsidiaries (the "Company"). All intercompany transactions have been eliminated in consolidation.

Investments in Unconsolidated Real Estate Entities

In accordance with ASC 323, Investments - Equity Method and Joint Ventures ("ASC 323"), the Company uses the equity method of accounting for its investments in unconsolidated entities over which it exercises significant influence but does not have a controlling interest. The equity method of accounting requires the investment to be initially recorded at cost and subsequently adjusted for the Company's share of equity in the unconsolidated entity's earnings or losses.

Variable Interest Entities

The Company accounts for variable interest entities ("VIEs") in accordance with ASC 810. In accordance with ASC 810, an entity is a VIE when: (a) the equity investment at risk in the entity is not sufficient to permit the entity to finance its activities without additional subordinated financial support provided by other parties, including the equity holders; (b) the entity's equity holders as a group either (i) lack the direct or indirect ability to make decisions about the entity, (ii) are not obligated to absorb expected losses of the entity or (iii) do not have the right to receive expected residual returns of the entity; or (c) the entity's equity holders have voting rights that are not proportionate to their economic interests. If an entity is deemed to be a VIE pursuant to ASC 810, the enterprise that has both (i) the power to direct the activities of the VIE that most significantly impacts the entity's economic performance and (ii) the obligation to absorb the expected losses of the entity or right to receive benefits from the entity that could be potentially significant to the VIE is considered the primary beneficiary and must consolidate the VIE. In accordance with ASC 810, the Company performs ongoing reassessments of whether it is the primary beneficiary of a VIE. The financial statements of the VIEs for which the Company is considered to be the primary beneficiary, if any, are consolidated in the Company's consolidated financial statements.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the

CASTELLAN HOLDINGS LLC AND SUBSIDIARIES**Notes to Consolidated Financial Statements****For the Year Ended December 31, 2022****NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Use of Estimates (continued)

consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Affiliate

For purposes of these consolidated financial statements, an affiliate is defined as an entity under common control and/or ownership, or an individual who effectively owns and/or controls the Company.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturities of three months or less upon acquisition to be cash equivalents. There were no cash equivalents as of December 31, 2022.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash held in financial institutions. The Company maintains its cash in various financial institutions. At times, such accounts may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limits. The amount that is federally insured is subject to the FDIC limit of \$250,000 per depositor, per insured financial institution. As of December 31, 2022, there was approximately \$10,725,000 in excess of FDIC insured limits.

Fees Receivable and Allowance for Doubtful Accounts

Fees receivable consist of property management income, developer fees, construction services, incentive fees, and other real estate services.

The Company records an allowance for doubtful accounts for all fees receivable not expected to be collected. The Company evaluates the collectability of its fees receivable based on a combination of factors. In circumstances when the Company is aware of a specific customer's inability to meet its financial obligations, the Company records a specific reserve against amounts due. For all other instances, the Company recognizes reserves based on historical experience and review of the individual accounts outstanding. When management determines that all efforts have been exhausted to collect the delinquent fees receivable, they are charged off.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Leasehold improvements are carried at cost and are depreciated when placed into service using the straight-line method over the term of the lease, or its estimated useful life if shorter. Equipment is depreciated on a straight-line method over an estimated useful life ranging

CASTELLAN HOLDINGS LLC AND SUBSIDIARIES**Notes to Consolidated Financial Statements****For the Year Ended December 31, 2022****NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Property and Equipment (continued)

from 5 to 10 years. Significant renovations or improvements that extend the life of the real estate are capitalized. Replacements and betterments are capitalized. Expenditures for minor replacements, maintenance, and repairs are charged to operations. The Company reviews the carrying value of its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such review indicates that the property and equipment is impaired, when the carrying amount of the property and equipment exceeds the sum of its undiscounted estimated future cash flows, excluding interest charges, the property and equipment's carrying amount is written down to its fair value. There was no impairment adjustment deemed necessary by management for the year ended December 31, 2022.

Property Management Fees and Other Related Income

Income from real estate related fees includes property management income, which is recognized when earned.

Real Estate Lending Transaction Fee Income

The Company's lending transactions fee income is recognized when earned. It includes origination, extension, and exit fees the Company earns from borrowers.

Investment Income

The Company's investment income is derived from its share of earnings or losses, including payment of promote income, generated by its investments in real estate entities. Investment income is also derived from sales of properties.

Income Taxes

The Company is organized as a limited liability company, which is considered a pass-through entity for federal and state income tax purposes. As such, taxable income or loss realized by the Company is allocated to the members in accordance with their respective membership interests, and accordingly, reported on their individual tax returns. No provision for income taxes has been included in the accompanying consolidated financial statements.

The Company follows the provisions of FASB Accounting Standards Codification ("ASC") Topic 740 "Income Taxes", which provides standards for establishing and classifying any tax provisions for uncertain tax positions. The Company evaluates the uncertainties of tax positions taken or expected to be taken on its tax return based on the probability of whether the position will be sustained upon examination by tax authorities. The Company uses a more-likely-than-not threshold for recognition and derecognition of tax positions taken or to be taken in a tax return. Management concluded that it had no material uncertain tax liabilities to be recognized at December 31, 2022.

CASTELLAN HOLDINGS LLC AND SUBSIDIARIES**Notes to Consolidated Financial Statements****For the Year Ended December 31, 2022****NOTE 3: TRANSACTIONS WITH AFFILIATES AND EQUITY OWNED ENTITIES**

CRP Affordable Housing and Community Development Fund LLC, CRP Affordable Housing Fund LLC and CIX Castellan Affordable Housing Fund LLC (collectively referred to as "Affordable")

The Company is entitled to 100% of the profits in Affordable once the investors receive their preferred return. The accompanying consolidated statement of operations includes the Company's share of its equity in the net income reported by Affordable. The Company's net investment in Affordable represents its share of the cumulative equity in the investee.

The Company has significant influence in Affordable and reports its investment using the equity method of accounting. The Company's share of the financial position of Affordable is shown as a net liability of \$4,598,472 included in investments in and advances to unconsolidated real estate entities. The financial position of Affordable at December 31, 2022 included total assets of \$53,195,122 and total liabilities of \$23,674,913. For the year ended December 31, 2022, Affordable had net income of \$4,713,644, of which the Company's share was income of \$1,852,863. Income and loss are allocated in accordance with the underlying operating agreement, which may be different than the ownership percentage disclosed.

Castellan NYC Partners LLC ("Castellan NYC")

The Company owns a less than 1% interest in Castellan NYC. The Company's net investment in Castellan NYC represents its share of the cumulative equity in the investee.

The Company has significant influence in Castellan NYC and reports its investment using the equity method of accounting. The Company's share of the financial position of Castellan NYC is shown as a net asset of \$736,704 included in investments in and advances to unconsolidated real estate entities. The financial position of Castellan NYC at December 31, 2022 included total assets of \$2,185,329 and total liabilities of \$4,594,524. For the year ended December 31, 2022, Castellan NYC had a net loss of \$685,032, of which the Company's share was \$274,013. Income and loss are allocated in accordance with the underlying operating agreement, which may be different than the ownership percentage disclosed.

CREIF II (GP) LLC ("CREIF II")

The Company owns a 26.3% interest in CREIF II. The accompanying consolidated statement of operations includes the Company's share of its equity in the net income reported by CREIF II in 2022. The Company's net investment in CREIF II represents its share of the cumulative equity in the investee.

The Company has significant influence in CREIF II and reports its investment using the equity method of accounting. The Company's share of the financial position of CREIF II is shown as a net liability of \$513,422 included in investments in and advances to unconsolidated real estate entities. The financial position of CREIF II at December 31, 2022 included total assets of \$310,434,220 and total liabilities of \$166,220,421. For the year

CASTELLAN HOLDINGS LLC AND SUBSIDIARIES**Notes to Consolidated Financial Statements****For the Year Ended December 31, 2022****NOTE 3: TRANSACTIONS WITH AFFILIATES AND EQUITY OWNED ENTITIES (continued)**CREIF II (GP) LLC ("CREIF II") (continued)

ended December 31, 2022, CREIF II had net income of \$14,615,874, of which the Company's share was \$2,541,663. Income and loss are allocated in accordance with the underlying operating agreement, which may be different than the ownership percentage disclosed.

CREIF (GP) LLC ("CREIF")

The Company owns a less than 1% interest in CREIF. The Company's net investment in CREIF represents its share of the cumulative equity in the investee.

The Company has significant influence in CREIF and reports its investment using the equity method of accounting. The Company's share of the financial position of CREIF is shown as a net asset of \$9,562 included in investments in and advances to unconsolidated real estate entities. The financial position of CREIF at December 31, 2022 included total assets of \$46,520,506 and total liabilities of \$20,545,920. For the year ended December 31, 2022, CREIF had a net loss of \$1,180,410, of which the Company's share was \$0. Income and loss are allocated in accordance with the underlying operating agreement, which may be different than the ownership percentage disclosed.

CRP Founders Capital LLC ("Founders")

The Company owns a 6.67% interest in Founders. The accompanying consolidated statement of operations includes the Company's share of its equity in the net loss reported by Founders in 2022. The Company's net investment in Founders represents its share of the cumulative equity in the investee throughout 2022.

The Company has significant influence in Founders and reports its investment using the equity method of accounting. The Company's share of the financial position of Founders is shown as a net liability of \$1,714,771 included in investments in and advances to unconsolidated real estate entities. The financial position of Founders at December 31, 2022 included total assets of \$16,787,025 and total liabilities of \$19,648. For the year ended December 31, 2022, Founders had income of \$2,143,404, of which the Company's share was \$2,143,404, which is included in equity in net gain of other investees. Income and loss are allocated in accordance with the underlying operating agreements, which may be different than the ownership percentage disclosed.

CASTELLAN HOLDINGS LLC AND SUBSIDIARIES**Notes to Consolidated Financial Statements****For the Year Ended December 31, 2022****NOTE 3: TRANSACTIONS WITH AFFILIATES AND EQUITY OWNED ENTITIES (continued)**GRJ NJ-PA Portfolio LLC ("GRJ")

The Company owns a 3.0253% interest in GRJ. The accompanying consolidated statement of operations includes the Company's share of its equity in the net income reported by GRJ in 2022. The Company's net investment in GRJ represents its share of the cumulative equity in the investee.

During 2022, GRJ was sold. For the year ended December 31, 2022, GRJ had net income of \$8,425,565, of which the Company's share was \$146,295, which is included in equity in net gain of other investees. Income and loss are allocated in accordance with the underlying operating agreement, which may be different than the ownership percentage disclosed.

CRP Seattle Warehouse I LLC ("Seattle")

The Company owns a 5.0106% interest in Seattle. The accompanying consolidated statement of operations includes the Company's share of its equity in the net loss reported by Seattle in 2022. The Company's net investment in Seattle represents its share of the cumulative equity in the investee.

The Company has significant influence in Seattle and reports its investment using the equity method of accounting. The Company's share of the financial position of Seattle is shown as a net liability of \$52,424 included in investments in and advances to unconsolidated real estate entities. The financial position of Seattle at December 31, 2021 included total assets of \$1,408,287 and total liabilities of \$5,000. For the year ended December 31, 2022, Seattle had net income of \$19,391, of which the Company's share was \$972, which is included in equity in net gain of other investees. Income and loss are allocated in accordance with the underlying operating agreement, which may be different than the ownership percentage disclosed.

CRP NoMad Owner LLC

In its role of sponsor and managing member, Castellan agreed to make 2 loans to help finance the development of the 24-story residential rental property located at 7-9 East 30th Street as follows:

- \$6,025,000 loan that bears interest at the same rate as the property's construction loan. As of December 31, the interest rate was 7.5%. The loan is due upon the earlier of the conversion of the property's construction loan to permanent financing or sale of the property.
- An additional loan in the amount of \$5,150,584 as of December 31, 2022, that bears interest at 7%. The loan is due upon the earlier of the conversion of the property's construction loan to permanent financing or sale of the property.

CASTELLAN HOLDINGS LLC AND SUBSIDIARIES**Notes to Consolidated Financial Statements****For the Year Ended December 31, 2022****NOTE 3: TRANSACTIONS WITH AFFILIATES AND EQUITY OWNED ENTITIES (continued)**

Castellan also advances funds from time to time to its sponsored real estate investments. The advances are short term in nature and are due on demand.

Additionally as of December 31, 2022, the Company is owed \$265,000 from CRP Osbourne LLC for construction fees, which is included in fees receivable.

As of December 31, 2022, the Company had the following investment balances with affiliated entities, as detailed below:

CRP NoMad Owner LLC	\$ 11,175,584
Affordable	(4,958,472)
Castellan NYC Partners LLC	736,704
CREIF II (GP) LLC	(513,422)
CREIF (GP) LLC	9,562
CRP Founders Capital LLC	(1,714,771)
Other affiliates	<u>2,651,675</u>
Total	<u>\$ 7,386,860</u>

NOTE 4: INVESTMENT IN AFFORDABLE HOUSING

The Company is a general partner (GP) and owns less than 1% economic interest in the below affordable housing entities. These have been deemed to be VIEs in which the Company is not the VIEs' primary beneficiary.

The entities are involved in developing, owning and operating Low Income Housing Tax Credit (LIHTC) affordable housing projects. As GP, the Company is involved in the day to day activities of the entities which primarily includes construction overview and managing the project. However, the other limited partners have protective rights and the GP cannot take any decision which most significantly impacts the entity's economic performance without the consent of limited partners and hence company is not the primary beneficial owner.

<u>Name of Entity</u>	<u>Total Assets</u>	<u>Total Liabilities</u>
CRP Redwood View LP	\$ 18,474,029	\$ 15,367,132
CRP The Meridian LP	\$ 22,903,194	\$ 20,669,682
CRP Konocti Gardens LP	\$ 17,601,521	\$ 14,645,446
CRP Shiloh Terrace LP	\$ 27,761,360	\$ 24,487,501
CRP St. Stephen's Apartment LP	\$ 17,435,211	\$ 15,358,363
CRP Valencia Pointe LP	\$ 50,244,137	\$ 46,350,767
CRP Worthington Del Sol LP	\$ 13,264,499	\$ 12,486,460
CRP Worthington La Luna Family Apartments LP	\$ 18,458,820	\$ 17,522,360
CRP Napa Cove Apartments LP	\$ 17,217,198	\$ 14,312,003
CRP Senator Conness Apartments LP *	\$ 13,959,416	\$ 9,499,630

*Note: Company is a 50% co-GP in Senator Conness Apartments LP.

CASTELLAN HOLDINGS LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2022

NOTE 4: INVESTMENT IN AFFORDABLE HOUSING (continued)

GP is the guarantor of the low-income housing tax credits, the operating deficit and construction loan. The tax credit guarantee and the operating deficit will expire at the end of the 15 year compliance period. The construction loan guarantee will expire at the maturity date of the construction loan. The Company believes that the likelihood it will have to fund pursuant to the guarantees is remote.

NOTE 5: REVOLVING CREDIT LINE

On February 26, 2015, the Company entered into a revolving credit agreement with Sterling National Bank in the amount of \$1,000,000. As a result of subsequent modifications, the amended agreement has an extended maturity date of February 1, 2024, and the amount available was increased to \$8,000,000. Interest on the outstanding and unpaid principal amount of the revolving credit line is calculated at a rate per annum equal to the Prime Rate plus .75%, with a floor interest rate of 6.5%. As of December 31, 2022, there was an outstanding amount due of \$3,000,000. Interest expense on the revolving credit line for the year ended December 31, 2022 was \$157,681.

The revolving credit agreement contains a covenant whereby the Company must maintain a net worth of \$4,000,000. Management believes the Company was in compliance with the terms and conditions of the agreement.

NOTE 6: OBLIGATIONS UNDER OPERATING LEASE

The Company leases its corporate office under an operating lease which expires on December 31, 2029. Minimum rent is recognized as an expense on the straight-line method over the term of the lease with an escalation clause. This has resulted in a deferred rent payable of \$224,871 as of December 31, 2022, which is reflected in accounts payable on the accompanying consolidated balance sheet. Minimum future rental payments under the non-cancelable operating lease consist of the following:

Year ending December 31,	
2023	\$ 369,015
2024	\$ 369,015
2025	\$ 369,015
2026	\$ 369,015
2027	\$ 369,015
Thereafter	\$ 615,023

The Company makes monthly payments on the lease for rent as well as additional payments to cover utilities, increases in operating expenses, and real estate taxes during the year. The Company paid a total of \$435,068 in rent and related expenses for the year ended December 31, 2022.

CASTELLAN HOLDINGS LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2022

NOTE 7: DISTRIBUTIONS TO MEMBERS

From time to time, the Company shall determine the amount, if any, by which its funds then on hand exceed its reasonable working capital needs, including reasonable reserves for future Company obligations. Any excess funds shall be distributed to the members in accordance with the Operating Agreement.

The net cash flow for any particular period shall be distributed to the members in the following order of priority:

- a. First, to the members holding all the outstanding member loans on a pari-passu basis (in proportion to the relative outstanding amounts of the accrued interest and outstanding principal balance of each member loan).
- b. Next, to the members in proportion to their respective membership interests.

During 2022, the Company made distributions in the amount of \$2,426,167 to its members.

NOTE 8: SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated balance sheet through May 3, 2023, the date these consolidated financial statements were available to be issued.



February 7, 2024

Castellan Holdings LLC & Affiliated Entities
c/o Joel Hammer
122 East 42nd Street, Suite 1902
New York, NY 10168

Dear Mr. Hammer:

CBIZ Marks Paneth ("CBIZ", "we" or "us") is pleased to provide Castellan Holdings LLC & Affiliated Entities ("you") with professional tax return preparation services, and any agreed-upon accounting services support, for the year ended December 31, 2023 and/or fiscal year ending in 2024. This engagement letter, and the attached Standard Terms and Conditions of Services ("STC"), embodies the entire agreement ("Agreement") with you regarding CBIZ's tax return preparation services. Please review this Agreement, sign a copy of it where indicated below, and return the signed Agreement to us.

This Agreement is binding on all persons and entities for whom these services are rendered pursuant to this Agreement, and each signatory below represents and warrants that he or she has the legal power and authority to act on behalf of and to bind those persons and entities.

Tax Return Preparation Services

We will prepare the Federal income tax return and any state income tax return(s) that we have specified in "Schedule 1" attached at the end of this letter (regardless of whether this is for one person or entity or for multiple persons or entities (including subsidiaries), or any combination thereof). If you would like us to prepare additional returns (e.g., other states, gift or excise tax), or prepare any returns for related taxpayers not contemplated by this Agreement, please include such returns and additional taxpayers on the attached "Schedule 2" and return it to us with your signed Agreement. If you choose to add taxpayers, jurisdictions or other types of returns, this will increase the amount of our fees and expenses described below.

We will advise you if we believe, based on the information you provide us, an income or franchise tax return should be filed in any other jurisdiction, but we will not prepare any such tax return without your approval. It is important that you inform us of any new or expanded activities that could trigger filing requirements in additional state(s), such as the acquisition of property or the hiring of employees in a new state. Activities of a pass-through entity in which you are an owner, partner, member or beneficiary may also trigger additional state tax filings, so please contact us if you have acquired an interest in a new pass-through entity over the past year.

This engagement does not include the preparation of:

- (a) Forms or calculations related to any quarterly federal or state estimated tax payment obligations (or similar withholding obligations) associated with the tax returns covered by this engagement letter; or
- (b) Forms or calculations related to any federal or state applications for extension of time to file the tax returns covered by this engagement letter.

Our fees for the preparation of these forms or calculations are included in any fees quoted in this engagement letter.

We may prepare federal or state applications for extension of time to file the tax returns covered by this engagement letter at our discretion when such forms reflect no amount due and are limited in number (“zero extension forms”). These will be billed in accordance with the fee paragraph below unless the parties agree to a separate arrangement.

Because of their special purpose, nature and format, income tax returns do not constitute financial statements prepared in accordance with generally accepted accounting principles. The tax returns should be used only for income tax purposes and must not be used as a substitute for financial statements. Tax return preparation services do not constitute accounting or auditing services and are not designed to discover fraud, defalcations or other irregularities, should any exist.

We will use our professional judgment in resolving issues regarding reporting positions on your returns whenever the tax law is unclear or uncertain, or where there may be conflicts between the taxing authorities’ interpretations of the law and other supportable positions. Unless otherwise instructed by you, we will resolve such questions in your favor, as long as it is consistent with the law and our professional duties and obligations. We are prohibited from signing any tax return containing a tax position that in our professional judgment does not conform to the applicable laws and standards of our profession. Should you ask us to sign a tax return that contains such a position, we reserve the right to cease work on your returns, and we accept no responsibility for any damages that may occur as a result. We cannot provide any assurance that any tax positions taken will not be challenged, and if challenged, that the taxing authority will not be successful. If a taxing authority contests a position taken on your returns, it may assess additional tax, interest and penalties, for which we assume no responsibility. There are numerous tax credits, exclusions and deductions for which a detailed review of business or investment activities would be required to determine their availability. Such a detailed review is beyond the scope of services of this Agreement. If you would like us to undertake a detailed review of your activities to identify tax credits, exclusions or deductions, please contact us to discuss the terms of an engagement for these services. For the sake of clarity, should CBIZ agree to respond to inquiries from you or a third-party auditor in connection with any type of vendor audit, examination, verification, “cold comfort letter” or other review (a “Vendor Audit”), you agree to pay CBIZ for all of our time, billed at our then current rates, and expenses incurred in responding to such Vendor Audit.

We will prepare your tax returns based on the information that you provide. You represent and warrant that the information you are supplying to us is accurate and complete to the best of your knowledge as required for the preparation of complete and accurate tax returns. You have final responsibility for the tax returns and, therefore, you should review them carefully before you sign them. You should retain all documents that form the basis for the information presented on your tax returns. Please refer to Sections D and L of the STC for additional information.

Any tax advice we offer in conjunction with the preparation of your tax returns (“tax advice”) is based on our assumption (without independent verification) that all of the representations and all of the originals, copies, and signatures of documents reviewed by us are accurate, true, and authentic. Our tax advice is based on the law, regulations, cases, rulings, and other tax authority in effect as of the date the services were rendered. If there are subsequent changes in or to the foregoing tax authorities (for which we shall have no responsibility to advise you), such changes may result in our advice being rendered invalid or may necessitate (upon your request) a reconsideration of the advice.

In addition to the professional fees discussed below, you agree to reimburse us for our direct and reasonable out-of-pocket expenses related to travel and any required or other approved expenditures incurred in connection with our services. We will also assess a 5% technology and administrative fee to cover the cost of technology, processing, and other administrative expenses. Please refer to Section E of the STC for additional information regarding fees.

Our fees for these tax services will be based on the fee quote contained in this paragraph. Based on the information provided by you to us regarding the nature and scope of this engagement, the fee will be listed on Schedule 1.

Changes in the scope of our services, including preparation of additional returns, researching unanticipated technical issues, or performing unanticipated bookkeeping work as a precondition to tax return preparation will result in an increase in this fee, which we will discuss with you prior to performing the additional services. This quote is also dependent upon the accuracy and completeness of the information provided by you to us regarding the nature and scope of this engagement, as well as upon anticipated cooperation from you or your personnel, and the ready availability of all information necessary for us to complete the engagement. If the information provided by you to us regarding the nature and scope of this engagement is not accurate or complete, we do not receive the anticipated cooperation of your personnel, or if the information necessary for us to complete this engagement is not readily available to us, we will discuss this with you and arrive at a revised fee quote.

Additional Services

You are providing your primary contact, financial and business information in order to permit CBIZ to offer you tax and business suggestions when CBIZ deems it appropriate or advantageous to you. You confirm that this service, while creating no duty on the part of CBIZ, is a benefit to you that is separate from and in addition to any tax return preparation services.

While it is our intention to suggest tax and business ideas or services to you, this engagement generally does not include the rendering of any specific tax consulting services. However, we may provide, at your request, limited tax consulting services including, but not limited to, tax projections, responding to inquiries or tax examinations by any governmental agency or tax authority, assisting you in maintaining your accounting and depreciation records, reviewing proposed or completed transactions, or tax research in connection with these matters. These limited consulting services will be subject to the STC and our fees for these additional services will be based upon our prevailing hourly rates effective at the time the services are provided, the time required for work performed, the complexity of any technical issues addressed unless otherwise agreed to by both parties.

If you ask us to perform other services that are not covered by this, or any other, engagement letter, you agree that any such engagements or services performed as a result of such requests will be subject to the STC.

Assessing the Impact of New or Recent Legislation

Due to the complexity and ambiguity of numerous recently enacted tax laws, the IRS will continue to issue new rules and guidance on a regular basis. As a result, there may be aspects of these laws, any legislation enacted after the date of this letter, and interpretive guidance that could affect your current or future years' taxes and reporting. We are happy to help you assess the impact of these laws or guidance on you or your businesses. Unless otherwise indicated, these services are beyond the scope of any tax return preparation or consulting services described herein. If you request such services, we will bill you for the services at our prevailing hourly rates. Such services will be subject to the STC.

Conditions and Limitations

To assist you in understanding the scope of our services and other matters related to our preparation of your tax returns, we have attached a copy of the STC. All of our tax return preparation services are expressly subject to these conditions and limitations, and by signing below, you agree to them.

If this letter accurately describes the arrangement for our services to you, please sign the enclosed copy of this letter and return it to us.

Page 4 of 18

We want to thank you for using CBIZ and look forward to a long and mutually satisfying relationship.

Very truly yours,

DocuSigned by:

Andrew H. Kubrick

137ABAF999B1445...

Andrew Kubrick, Managing Director
CBIZ

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

Castellan Holdings LLC & Affiliated Entities

DocuSigned by:

By *Hammer, Joel*

89FC58B4A7B846E...

Joel Hammer

Date 2/19/2024 | 7:58 PST

Schedule 1**(List of Tax Returns to be Prepared)**

<u>Entities</u>	<u>Fee</u>
CRP Rivington Street Redevelopment LLC	4,000
CRP Rivington LLC	4,000
CRP East 28th Street A LLC	4,000
CRP East 28th Street LLC	4,000
CRP West 135th Street A LLC	5,500
CRP West 135th B LLC	5,500
CRP West 135th Street LLC	4,000
CRP Evergreen LLC	2,500
CRP Fifth Avenue C LLC	4,000
CRP/CIX NYC 30th Street LLC	4,000
CRP 7-9 East 30th Joinder LLC	4,000
CRP 7 East 30th A LLC (all three Fairworths)	4,000
CRP NoMad LLC	4,000
CRP East 30th Street LLC	4,000
CRP 7 East 30th Street C LLC FKA CRP St. Nicholas York LLC	4,000
CRP 7 EAST 30TH A LLC FKA CRP Fairworth LLC	4,000
7 East 30th B West 111th C FKA CRP 184th St. Nicholas LLC	4,000
CRP Sunrise Highway LLC	5,500
CRP Wetherole A LLC	4,000
CRP Wetherole FDB 1031 LLC	4,000

CRP Wetherole LLC	4,000
CRP Chambers Steet D LLC FKA CRP Park Avenue LLC	4,000
CRP Chambers Street LLC	4,000
CRP Uptown Portfolio Investors LLC	4,000
CRP St Marks Place A LLC	4,000
CRP St Marks Place LLC	4,000
CRP St Marks 117 West 141 1031 LLC	4,000
CRP Clarendon A LLC (Uptown II)	7,000
CRP Clarendon B LLC (Uptown II B)	4,000
CRP Clarendon C LLC (Uptown III)	4,000
CRP Clarendon LLC	4,000
CRP West 111th Street Owner LLC	4,000
CRP West 111th Street LLC	4,000
CRP 515 West 111th B LLC FKA CRP Broadway C LLC	4,000
515 West 111th Street Inc.	4,000
CRP 515 West 111TH A LLC FKA CRP St. Nicholas York B LLC	4,000
CRP 515 West 111th LLC	4,000
Castellan NYC Partners LLC	4,000
CRP Founders Capital LLC	4,000
CRP Affordable Housing and Development LLC	10,000
CRP Affordable Housing and Development Fund LLC	4,000
CRP Affordable Housing Fund LLC	4,000
CIX CRP Affordable Fund LLC	4,000
CRP Affordable (Feeder) Inc.	5,000

CRP Affordable Housing Fund (Feeder) LLC	5,000
Castellan Holdings LLC	15,000
Castellan Holdings Manager LLC	2,000
CRP West 151st Street B LLC	4,000
3231 Greenpoint LLC	4,000
CRP West 151st Street LLC	4,000
CRP West 164th Street B LLC	4,000
CREIF (GP) LLC	4,000
CRP GRJ LLC	4,000
CRP Cloverly LLC	4,000
CRP Seattle Warehouse 1 LLC	4,000
Castellan EP LLC	4,000
CREIF (GP) II LLC	4,000

Schedule 2

(Additional Tax Returns to be Prepared, List Here)

Taxpayer	Additional Tax Returns
List Here	

STANDARD TERMS AND CONDITIONS OF SERVICES

A. Services

These Standard Terms and Conditions of Services ("STC") and the engagement letter to which these terms are appended constitute the entire agreement between you and CBIZ for the tax services to be rendered (the "Agreement"). As used herein, the term "tax services", includes only the tax services as described in the attached engagement letter. All decisions in connection with the implementation of CBIZ's tax services in connection with this engagement shall be your responsibility. The tax services contemplated by this Agreement are not intended to include any Personal Financial Planning Services as defined in the AICPA's Statement on Standards in Personal Financial Planning Services. Furthermore, unless explicitly described in the Engagement Letter and agreed to by CBIZ, our services do not include providing any opinion, attestation, certification, advice, or guidance regarding your technical or functional cybersecurity systems, programs, policies or procedures, or any method you employ for using, storing, transmitting, or protecting sensitive information. If you desire such services, they may be provided under a separate agreement. Unless otherwise prohibited by law, your submission of your income tax information to us constitutes acceptance of the engagement letter and STC for this engagement.

B. Third Parties and Internal Use

Except as otherwise agreed, all tax services hereunder shall be solely for your internal purposes and use, and this engagement does not create privity between CBIZ and any person or party (a "third party") other than you. This engagement is not intended for the express or implied benefit of any third party. No third party is entitled to rely, in any manner or for any purpose, on the tax services provided by CBIZ. In order to protect CBIZ from any unauthorized reliance or claims, you further agree, with respect to the tax services provided by CBIZ and any associated deliverable, that you will not distribute, make available, circulate, quote to or allow use by any third party without including the following written disclaimer: "By accepting access to this document or information you acknowledge that such access creates no rights or privity between you and CBIZ, and you acknowledge and agree that you have no right to rely on this information and assume all risks in doing so." However, nothing in this paragraph shall be construed as limiting or restricting such disclosure for your tax return filing purposes. You agree to hold CBIZ harmless from any claims or liability that may arise out of or result from your disclosure of, or from CBIZ complying with your request to disclose or share, your information with third-parties.

C. Confidentiality

CBIZ will maintain the confidentiality of your information in accordance with applicable professional standards. CBIZ will use reasonable precautions to protect your "Confidential Information," which means (i) information contained in your internal financial and business records, (ii) "tax return information" as defined in Treasury Regulation § 301.7216-1(b)(3), and (iii) other information concerning you or your business that is marked "confidential" or otherwise identified as "confidential" in writing at the time of disclosure. Notwithstanding the foregoing, Confidential Information does not include information (i) that is or becomes publicly available or generally known to persons in your industry without breach of our obligations under this section, (ii) received by us after the termination of the Engagement Letter, or (iii) is deidentified or anonymized by CBIZ and separated from the client's data.

We may disclose your Confidential Information to our employees, independent contractors and affiliates, including their employees and independent contractors, as necessary to provide our services. You authorize CBIZ to engage such affiliates and third parties to provide services on our behalf and, in this context, provide them with access to your Confidential Information. Without limiting the foregoing, we may in certain circumstances disclose your

Confidential Information to software vendors for the purpose of obtaining technical support in the course of providing services to you, but it is our policy to require these vendors to maintain the confidentiality of confidential information disclosed to them. We may also disclose Confidential Information if required by a court or governmental agency, but we will use commercially reasonable efforts to inform you, unless prohibited by law, prior to disclosure. To protect your Confidential Information, you agree that you will not disclose any Confidential Information to us except as we request or as necessary for us to provide our services.

We may use subcontractors, which may be located outside the U.S., to assist us in the process of preparing your tax returns. We have dedicated teams of professionals to assist in serving you. CBIZ is sensitive to concerns regarding the handling of personal and confidential information and can share further information regarding how we and our subcontractors protect your information upon request. In order to safeguard the confidentiality of client information, both CBIZ and any subcontractors we may use have established internal policies, procedures and controls designed to maintain data security and protect privacy. We will not utilize a subcontractor without a written confidentiality agreement in place to prevent the unauthorized release of client information.

We may use the information you provide to us in connection with this engagement ("Information") to check for conflicts of interest and to verify independence. We may disclose the Information to any company, or any employee of such company, that is owned or controlled, directly or indirectly, by CBIZ, Inc. ("Affiliate"). Information may also be used in CBIZ's efforts to improve the services provided, develop additional services we can offer, and to provide you with access to the different types of services offered by our Affiliates, including where appropriate, tax consulting, general business consulting, retirement or estate planning, business succession, asset acquisition or disposition, payroll, benefits, insurance, wealth management and investing, human resources, accounting, valuation, internal audit, mergers and acquisitions, and technology consulting, or to prepare subsequent years' engagement letters. You have the right to limit the Information you wish to have used or disclosed. We may use the Information to compile lists in order to provide you with tax or business information, newsletters or other correspondence determined from the Information to be relevant to you or your industry, and information on other products or services offered by our Affiliates. We may also use and disclose the Information as subsequently requested or directed by you. We will not disclose Information to any person who is not an Affiliate without obtaining a separate consent to such disclosure except (a) as otherwise specifically provided herein, or (b) at your request or direction. Unless you specify otherwise, the consent to the use and disclosure of the Information provided herein will be valid until the statute of limitations to assess any tax by the Internal Revenue Service with respect to the tax return has expired.

Periodically, we may perform benchmarking studies on an industry basis to provide additional value-added information to our clients. You consent to our sharing of your Confidential Information with third parties for these purposes. Such benchmarking studies will be general in nature and the information provided will not contain any identifying features that can be attributed to you. We may also aggregate and share internally certain deidentified or anonymized data in our efforts to improve the services we offer and provide to our clients.

D. Client Responsibilities

You are responsible for making financial records and related information available to us to enable us to provide the tax services described herein, but you agree to provide only the information that is necessary and that we request. CBIZ will have no responsibility for information, records, or data you provide to us that we did not request, including data outside the scope of the engagement. CBIZ shall be entitled to assume and rely on, without independent verification, the accuracy of all representations, assumptions, information and data that you and your representatives provide to CBIZ. All assumptions, representations, information and data to be supplied by you and your representatives will be complete and accurate. You represent and warrant that you maintain proper records and otherwise satisfy the criteria to claim and substantiate deductions for meals, entertainment, travel, gifts, charitable contributions, and vehicle use (if applicable) as required by federal law. The rules regarding the deductibility of various expenses, e.g., charitable contributions, continue to grow more onerous. Please consult the most recent versions of IRS Publications if you have questions, or consult with us. CBIZ may use information and data furnished

by others; however, CBIZ shall not be responsible for, and CBIZ shall provide no assurance regarding, the accuracy and completeness of any such information or data.

Except as specifically provided herein, CBIZ shall not assume any responsibility for any financial reporting with respect to the tax services provided hereunder. You acknowledge and understand that CBIZ is providing no attest services of any kind, scope or nature whatsoever, as part of this engagement. CBIZ shall have no responsibility to address any legal matters or questions of law in connection with this engagement.

You shall cooperate with CBIZ in the performance by CBIZ of its tax services hereunder, including, without limitation, providing CBIZ with reasonable facilities and timely access to necessary data, information, and your personnel. You shall be responsible for the performance of your personnel and agents and for the accuracy and completeness of all data and information provided to CBIZ for purposes of the performance by CBIZ of its tax services hereunder.

E. Fees and Payment; Subpoenas and Post-Engagement Inquiries

Except to the extent specifically addressed in the applicable Engagement Letter or Project Addendum, the following terms in this Section E will apply. In the case of a conflict between these terms and the terms of the applicable Engagement Letter or Project Addendum, the Engagement Letter or Project Addendum will control. Our invoices for these consulting services will be rendered each month as work progresses and are payable on presentation. The invoices may designate CBIZ, Inc. as the receiving party for ACH and wire payments. If properly submitted invoices are not paid within 30 days of the invoice date, a late charge may accrue at the lesser of (i) 1% per month or (ii) the highest rate allowable by law. Without limiting its rights or remedies, CBIZ shall have the right to halt or terminate entirely its consulting services until full payment is received on such past due invoices. In the case of nonpayment, you will be liable for any and all costs and fees incurred by CBIZ to collect the fees contemplated herein. The failure of CBIZ to exercise its right to suspend or terminate work shall not constitute a waiver by CBIZ of any right or remedy, and CBIZ will bear no liability to you if work is suspended or terminated because of nonpayment. In the event of a termination of this engagement pursuant to section F below, you agree to compensate CBIZ for consulting services performed and expenses incurred through the effective date of termination. All outstanding bills will be paid in full prior to the release of any information or prior to final product or service delivery, unless other arrangements to pay your bill have been agreed upon.

F. Term

This engagement shall conclude on the completion and delivery of CBIZ's tax services hereunder. This engagement may be terminated by either party at any time by giving written notice to the other party not less than 10 business days before the effective date of termination. The following sections of this Agreement will survive completion of the Services or its earlier termination, and will apply to any and all services provided by CBIZ in the future, unless and until these STC are superseded by a new Engagement Letter and STC: Fees and Payment; Subpoenas and Post-Engagement Inquiries, Confidentiality, Third Parties and Internal Use, Property and Record Retention, Employment Offers to Our Personnel, Dispute Resolution and Jury Trial Waiver, Governing Law and Severability, Fees and Payment, Limitation on Damages, Indemnification and such other provisions of this Agreement which by their nature are intended to survive.

G. General

This Agreement forms the entire agreement between the parties relating to the services, and replaces and supersedes any previous proposals, correspondence, understandings or other communications whether written or oral, unless specifically incorporated by this Agreement. This Agreement may only be amended or modified in a writing executed by both parties. These STC may be incorporated by reference into, and shall therefore become a part of, any subsequent letter of reengagement. Should our STC change in subsequent years, we will notify you of those changes and solicit your agreement thereto. Such changes will then be considered an enforceable part of this

Agreement from that point forward. Handwritten changes to this Agreement will have no effect and will not constitute a counteroffer. This agreement shall be binding on all transferees, successors and assigns of both CBIZ and you. Neither party shall be liable to the other for any delay or failure to perform any of the services or obligations set forth in this Agreement due to causes beyond its reasonable control. Each party acknowledges that this was a negotiated contract, and as a result, no part of this contract shall be construed against either party based on drafting of the contract. If any provision of this Agreement is determined to be invalid under any applicable statute or rule of law, it is to that extent to be deemed omitted, and the balance of the Agreement shall remain enforceable. For evidentiary purposes, an electronic scan (e.g., PDF file) of this executed Engagement Letter and these STC shall be deemed by the parties to be a true, authenticated document which is admissible into evidence.

No delay or omission by either party in exercising any right or power shall impair such right or power or be construed to be a waiver. A waiver by either party of any of the covenants to be performed by the other or any breach thereof shall not be construed to be a waiver of any succeeding breach or of any other covenant. No waiver or discharge shall be valid unless in writing and signed by an authorized representative of the party against whom such waiver or discharge is sought to be enforced.

You acknowledge and agree that you will be solely responsible for any and all applicable sales and use tax due in connection with the services provided under this Agreement.

These STC contemplate that this engagement may involve the preparation of multiple returns for multiple parties, and those parties may be any combination of individuals, trusts, or entities. If the only tax services covered by this engagement are being offered exclusively to individuals, trusts or entities, these STC should be interpreted accordingly. The person signing the engagement letter represents and warrants that he or she has express authority to bind any individual, trust or entity for whom services are being rendered under this engagement to the terms of this engagement letter and to these STC. Furthermore, Signatory warrants and represents that he or she will provide a copy of the "NOTICE OF PRIVACY PRACTICES CBIZ, INC. and its subsidiaries" to each person identified herein for whom we are preparing a Form 1040.

The use of the singular or plural may be used herein for ease of presentation, but should be read to include the other where appropriate.

It is common practice for professional service firms such as ours, in discussions with prospective clients, to make reference to prior work, and we would like to have the opportunity to do so with respect to this assignment. Unless you inform CBIZ to the contrary, on completion of this assignment we understand that we will be entitled to make reference to having undertaken it, including your name and logo, if applicable, and a general description of the nature of the engagement, in CBIZ newsletters and publications and discussions with third parties regarding work opportunities.

H. Foreign Account / Relationship Reporting

Any U.S. citizen or resident (including individuals, corporations, partnerships, trusts and estates) who has a financial interest in, or signature or other authority over, "foreign financial accounts" with an aggregate value exceeding \$10,000 at any time during the prior calendar year, is required to report that relationship to the U.S. Department of the Treasury on FinCEN Form 114, Foreign Bank and Financial Accounts Report (FBAR). Filing requirements also apply to those with direct or indirect control over a foreign or domestic entity with foreign financial accounts, even if the taxpayer does not have foreign financial accounts of its own. Because persons with a financial interest and persons with signature authority are required to submit filings, a single account may require multiple filings. For example, a corporate-owned foreign account would require filings by the corporation and by the individual corporate officers with signature authority. FinCEN Form 114 must be filed electronically by April 15, but the due date of the filing can be extended until October 15.

"Foreign financial accounts", for purposes of this requirement, are financial accounts located in a foreign jurisdiction and may include, but are not limited to, bank accounts, mutual funds, securities or brokerage accounts, life insurance, credit cards, retirement plans and interests in partnerships, trusts or other pass-through entities having foreign accounts.

In addition, the Internal Revenue Service also requires information reporting under applicable Internal Revenue Code sections and related regulations, and the respective IRS tax forms are due when your income tax return is due, including extensions. The IRS reporting requirements are in addition to the U.S. Department of the Treasury reporting requirements stated above. Therefore, if you fall into one of the categories enumerated below, or if you have any direct or indirect foreign interests, you may be required to file applicable IRS forms.

- You are an individual or entity with ownership of foreign financial assets and meet the specified criteria (Form 8938);
- You are an officer, director or shareholder with respect to certain foreign corporations (Form 5471);
- You are a foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business (Form 5472);
- You are a U.S. transferor of property to a foreign corporation (Form 926);
- You are a U.S. person with an interest in a foreign trust (Forms 3520 and 3520-A); or
- You are a U.S. person with interests in a foreign partnership (Form 8865).

Failure to timely file the appropriate forms with the U.S. Department of the Treasury and the Internal Revenue Service may result in substantial monetary penalties. By signing this Agreement, you accept responsibility for informing us if you believe that you may have foreign reporting requirements with the U.S. Department of the Treasury and/or Internal Revenue Service. We assume no liability for penalties associated with the failure to file, or untimely filing, of any of these forms.

We are able to assist you in the preparation of these filings if you request. These services are beyond the scope of normal tax return preparation and, unless we prepared these forms for you last year, these services will result in an additional fee beyond what is otherwise quoted in this Agreement.

I. Independent Contractor

It is understood and agreed that each of the parties hereto is an independent contractor and that neither party is, nor shall be considered to be, an agent, partner, joint venturer, or representative of the other. Neither party shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation of behalf of, or in the name of, the other.

J. Employment Offers to Our Personnel

During the term of this Agreement and for a period of one year thereafter, the parties agree not to hire, solicit, or attempt to solicit, whether directly or indirectly, the services of any staff, employee, consultant, or subcontractor of the other party without the prior written consent of that party. Violation of this provision shall, in addition to other relief, require the breaching party to compensate the non-breaching party with 100 percent of the solicited person's annual compensation.

K. Safe Environment

You agree that in any circumstances wherein CBIZ personnel are required to work at any premises or location operated or controlled by you, you will take all actions and precautions necessary to ensure that your premises are free from all known or reasonably foreseeable safety hazards, and all forms of harassment and discrimination.

L. Property and Record Retention

The workpapers and files which CBIZ generates in connection with this engagement are the property of CBIZ. We do not retain any original client records and will return those to you at the completion of this engagement. It is your responsibility to retain and protect your records for possible future use, including, but not limited to, potential examination by any government or regulatory agencies. All CBIZ workpapers and files will be retained pursuant to CBIZ's document retention policy. Your need to retain documents may differ from the CBIZ document retention policy for a myriad of legal reasons having nothing to do with this engagement. Accordingly, you should contact your own legal counsel should you have a question about document retention. CBIZ retains copies of Confidential Information and Information received in connection with the relevant engagement in its confidential working papers in accordance with applicable professional standards, and in the case of a conflict between these terms and any other agreement between the parties this term shall govern.

M. Electronic Communication

In the interest of being responsive and facilitating our services to you, we may communicate electronically over the Internet, for example, using email and portals to transfer files. Such communications may include information that is confidential or otherwise sensitive to you. CBIZ employs controls and processes designed to maintain the security of data in transit and at rest, but such controls and processes cannot prevent all unauthorized or criminal activity resulting in access to communications or data. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, we have no control over the unauthorized interception of these communications once they have been sent.

Should you request that we use a public or third-party electronic file transfer service in connection with this engagement, you acknowledge that CBIZ makes no representations or warranties regarding the security of data transmitted to and from, or stored by, that public or third-party electronic file transfer service and you assume responsibility for all use of such service. You agree that CBIZ is not responsible for any loss, or unauthorized interception, of data transmitted to and from, or stored by, that public or third-party electronic file transfer service.

N. Governing Law and Severability

These STC, the engagement letter to which these terms are appended, and any and all claims relating to or arising out of this Agreement or related to CBIZ's services, whether sounding in contract, tort, or otherwise, shall be governed by, and construed in accordance with, the laws of the state of Ohio, with venue and jurisdiction in Ohio. If any provision of this Agreement is found by a court of competent jurisdiction to be unenforceable, such provision shall not affect the other provisions, but such unenforceable provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth in this Agreement.

O. Dispute Resolution and Jury Trial Waiver

Because there are inherent difficulties in recalling or preserving information as the period after an engagement increases, you agree that, notwithstanding any applicable statute of limitations, you must file any claim based on this engagement in court within twelve (12) months after performance of our services under the relevant engagement.

If any dispute, controversy or claim arises in connection with the performance or breach of this agreement, except with respect to the nonpayment or collection of CBIZ's fees, either party may, upon written notice to the other party, request that the matter be mediated. Such mediation will be conducted by a mediator appointed by and pursuant to the rules of the American Arbitration Association or such other neutral facilitator acceptable to both parties. Both

parties will exert their best efforts to discuss with each other in good faith their respective positions in an attempt to finally resolve such dispute or controversy.

Each party may disclose any facts to the other party or to the mediator which it, in good faith, considers necessary to resolve the matter. All such discussions, however, will be for the purpose of assisting in settlement efforts and will not be admissible in any subsequent litigation against the disclosing party. Except as agreed by both parties, the mediator will keep confidential all information disclosed during negotiations. The mediator may not act as a witness for either party in any subsequent arbitration between the parties.

The mediation proceedings will conclude within sixty days from receipt of the written notice unless extended or terminated sooner by mutual consent. Each party will be responsible for its own expenses. The fees and expenses of the mediator, if any, will be borne equally by the parties. If the parties cannot resolve a dispute not related to fees through mediation, either party may pursue action in a court of competent jurisdiction as set forth in Section N of these STC.

Unless otherwise prohibited by law or applicable professional standard each of the parties irrevocably, voluntarily and knowingly waives its right to a jury trial of any claim or cause of action based upon or arising out of this agreement or any dealings between the parties hereto relating to the subject matter hereof. The scope of this waiver is intended to be all-encompassing. It includes any and all disputes that may be filed in any court and that relate to the subject matter of this agreement, including, but not limited to, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. It also includes any and all such claims that may be brought against CBIZ, its affiliates and any of their respective personnel, current or former.

P. Limitation on Damages

Unless otherwise prohibited by law or applicable professional standard, you agree that CBIZ, any entity related to it and their respective personnel, current or former, shall not be liable to you for any claims, liabilities, or expenses relating to this engagement for an aggregate amount in excess of the fees paid by you to CBIZ pursuant to this engagement, except to the extent finally judicially determined to have resulted from the bad faith, fraud or intentional misconduct of CBIZ. Unless otherwise prohibited by law or applicable professional standard, in no event shall CBIZ, any entity related to it or their respective personnel, current or former, be liable for consequential, special, indirect, incidental, punitive, or exemplary losses or damages relating to this engagement. This limitation on liability provision shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), professional standard, or otherwise. Further, CBIZ will bear no liability in the case of cybersecurity incidents perpetrated by criminal actors that result in unauthorized access to your data, except to the extent such incident resulted from CBIZ's negligence, fraud or intentional misconduct, in which case CBIZ liability will be limited as provided above in this Section P.

Q. Inherent Conflicts of Interest

CBIZ cannot represent a client when there is a significant risk that the representation of one or more clients will be materially limited by the practitioner's responsibilities to another client, for example (a "conflict of interest"), unless all affected parties have waived the conflict of interest in writing. In some very common situations there are inherent potential conflicts of interest between or among clients and others. For example, an entity, such as a corporation, partnership or limited liability company, has potential conflicts of interest with its respective shareholders, partners or members, board members, officers, management team or employees (collectively "Executives"). Conflicts are present in almost any financial decision of the entity; for example, certain tax elections required to be made by the entity may not benefit all Executives equally, or decisions to make capital improvements, borrow money or admit new owners may have a financial impact on existing Executives. Another example of common inherent conflicts of interest exist between or among estates, trusts or similar entities represented by a fiduciary ("Estate") or a person engaged in succession planning or other disposition of assets ("Grantor"), and the respective primary and contingent

beneficiaries (“Beneficiaries”). Tax elections, return positions, or other decisions regarding assets or investments may be required to be made by the Estate, and those elections, positions or decisions may not benefit all Beneficiaries equally. It is common for CBIZ to provide tax advice and prepare tax returns for both entities and Estates, and their Executives or Beneficiaries. If CBIZ represents multiple parties in any of the situations described, you hereby acknowledge such conflicts of interest and agree that CBIZ can advise and prepare tax returns for those entities, Estates, Executives or Beneficiaries, as well as perform the services described in this engagement letter on your behalf. Furthermore, in addition to tax compliance and consulting, CBIZ, Inc., through subsidiary entities, offers several different types of services to its clients, including employee benefits consulting and compliance, property and casualty insurance, life insurance, payroll and other services (collectively “Affiliated Services”). CBIZ may refer our clients to others who provide Affiliated Services, and there may be at any given time financial incentives to individuals or to CBIZ if a client uses such Affiliated Services. Such financial incentives may be viewed as creating a conflict of interest for CBIZ. If CBIZ refers you to someone providing Affiliated Services and you agree to use one or more of such Affiliated Services, you hereby acknowledge such conflict of interest and agree that CBIZ can perform the services described in this engagement letter on your behalf. Finally, because CBIZ and its affiliates comprise a large national practice of professional services providers serving clients across the country who operate in a broad range of industries, CBIZ may provide services to other clients who may operate in the same industry as you or be competitors and whose interests may conflict with yours. However, we do not accept any engagements that would require us to represent two clients regarding a common matter unless a conflict waiver is obtained from all parties prior to our engagement. When CBIZ or its affiliates provide services that are not substantially related to matters in which we serve you, you hereby waive any such potential, perceived or actual conflict of interest and agree that CBIZ can perform the services described in this engagement letter on your behalf.

R. Limitations on Oral and Email Communication

We may discuss with you our views regarding the tax treatment of certain items and may provide you with tax information in the body of an email. Any advice or information delivered orally or in the body of an email (as opposed to a memorandum delivered as an email attachment) will be based upon limited tax research and a limited discussion and analysis of the underlying facts. Additional research or a more complete review of the facts could affect our analysis and conclusions. Because of these limitations and the related risks, it may not be appropriate to proceed with any transaction solely on the basis of any oral or email communication, and we will not be liable for any loss, cost, or expense resulting from your decision to rely on any oral or email communication.

S. Indemnification

Because this engagement is entered into solely between CBIZ and you, and both parties intend only to create privity with each other and no third parties, unless otherwise prohibited by law or applicable professional standard, you shall indemnify and hold harmless CBIZ and its personnel from and against any third-party causes of action, damages (whether compensatory, consequential, special, indirect, incidental, punitive, exemplary, or of any other type or nature), costs and expenses (including, without limitation, reasonable attorneys’ fees and the reasonable time and expenses of CBIZ’s personnel involved) brought against or involving CBIZ at any time and in any way arising out of or relating to CBIZ’s services under this engagement, except to the extent judicially determined to have resulted from the bad faith, gross negligence, or willful or intentional misconduct of CBIZ’s personnel. This includes, without limitation, reimbursing each CBIZ Indemnified Person promptly for all legal and other expenses reasonably incurred by it in connection with investigating, preparing to defend or defending, responding to subpoenas or other requests for production of documents or testimony, or otherwise providing evidence in or preparing to serve or serving as a witness with respect to, any third-party lawsuits, investigations, claims or other proceedings relating in any way to the rendering of services by CBIZ hereunder. This provision shall survive the termination of this agreement for any reason, and shall apply to the fullest extent of the law, whether in contract, tort, or otherwise.

If any action or proceeding (any of the foregoing being a "Claim") is threatened or commenced by any third party against CBIZ that you are obligated to defend or indemnify under this Agreement, then written notice thereof shall be given to you as promptly as practicable. After such notice and only so long as CBIZ's and your interests with respect to the claim remain consistent, no conflict exists, and, by your control of the defense, CBIZ's insurance is not voided or otherwise compromised in any way, you shall be entitled, if you so elect in writing within ten days after receipt of such notice, to take control of the defense and investigation of such Claim and to employ and engage attorneys to handle and defend the same, at your sole cost and expense, with the approval of CBIZ, which approval shall not be unreasonably withheld. CBIZ shall cooperate in all reasonable respects with you and your attorneys in the investigation, trial and defense of such Claim and any appeal arising therefrom; provided, however, that CBIZ may, at its own cost and expense, participate, through its attorneys or otherwise, in such investigation, trial and defense of such Claim and any appeal arising therefrom. You shall enter into no settlement of a Claim that involves a remedy other than the payment of money by solely you without the prior consent of CBIZ.

After notice by you to CBIZ of your election to assume full control of the defense of any such Claim, and CBIZ's approval of selected counsel, you shall not be liable to CBIZ for any legal expenses incurred thereafter by CBIZ in connection with the defense of that Claim. If you do not assume full control over the defense of a Claim, then you may participate in such defense, at your sole cost and expense, and CBIZ shall have the right to defend you in such manner as it may deem appropriate, at your cost and expense.

Terms and Conditions Applicable Only to Entities

T. Use of Mayer Hoffman McCann

In the event that you engage Mayer Hoffman McCann P.C., or any other entity associated with CBIZ, to provide you with attest services (collectively "MHM PC"), we may disclose the information you provide to us in connection with this engagement to MHM PC in order to facilitate its performance of those services. In those circumstances only, you authorize MHM PC to provide us access to all of your files and accounting, tax, financial and other information in its possession for the purpose of providing all tax services requested.

U. Exceptions to Third Parties and Internal Use

Section B shall not restrict you from complying with any rules or laws requiring returns be made available to the public (e.g., forms 990, 990-PF, 990-T).

V. Providing Forms K-1

If your tax return involves the preparation of Forms K-1, we may provide a copy of Form K-1 to the person described thereon.

W. Management Function

Management is responsible for all management decisions and performing all management functions, and for designating an individual, preferably from senior management, with suitable skill, knowledge, or experience to oversee these services, financial statement preparation services, bookkeeping services, tax services, or other services we provide. Management is responsible for evaluating the adequacy and results of the services performed and accepting responsibility for them.

Terms and Conditions Applicable Only to Individuals

Terms and Conditions X, Y and Z Intentionally left blank.

CASTELLAN HOLDINGS LLC AND SUBSIDIARIES**Consolidated Balance Sheet****ASSETS****12/31/2023
(Unaudited)****CURRENT ASSETS**

Cash	\$ 11,311,079
Fees receivable, net of allowance for doubtful accounts	6,000,261
Investments in and advances to unconsolidated real estate entities	6,974,025
Other assets	365,393
Property, equipment and leasehold improvements, net	358,426

TOTAL ASSETS	\$ 25,009,184
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LIABILITIES AND MEMBERS' EQUITY**CURRENT LIABILITIES**

Accounts payable - trade	\$ 127,842
Accounts payable - construction	6,194,677
Accrued expenses	2,273,521
Line of credit payable	4,055,000
Total Liabilities	\$ 12,651,040

MEMBERS' EQUITY	\$ 12,358,145
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TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 25,009,184
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CASTELLAN HOLDINGS LLC AND SUBSIDIARIES**Consolidated Statement of Operations****For the year ended December 31, 2023****REVENUES**

Property management fees	\$ 1,027,638
Development fees	4,381,311
Real estate lending transaction fee income	5,624,832
Construction income	4,076,853

TOTAL REVENUES15,110,634**INVESTMENT INCOME**

Equity in net loss from CRP Affordable	(457,661)
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(457,661)**EXPENSES**

Payroll and related expenses, net	8,268,353
Professional fees	1,812,952
Rent and related expenses	790,511
Other operating and administrative expenses	759,757

TOTAL EXPENSES11,631,573**INCOME BEFORE NON OPERATING EXPENSE**3,021,400

Interest expense, net	456,398
Loss from owned real estate	1,323,911
Depreciation	19,990

NET INCOME\$ 1,221,101

CASTELLAN HOLDINGS LLC AND SUBSIDIARIES

Consolidated Statement of Changes in Members' Equity

For the year ended December 31, 2023

Members' equity - January 1, 2023	\$ 12,027,738
Distributions	(2,100,000)
Contributions	1,209,306
Net income	1,221,101
Members' equity - December 31, 2023	<u>\$ 12,358,145</u>

