



## REPORT

**DATE ISSUED:** March 30, 2016

**REPORT NO:** HCR16-036

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of April 8, 2016

**SUBJECT:** Vista Terrace Hills - Preliminary Bond Items

**COUNCIL DISTRICT:** 8

### **REQUESTED ACTION**

Take the initial steps to issue Housing Authority of the City of San Diego multifamily housing revenue bonds to fund the acquisition and rehabilitation of Vista Terrace Hills, a 262-unit multifamily affordable housing rental development, located in the San Ysidro community, which will remain affordable for 55 years.

### **STAFF RECOMMENDATION**

That the San Diego Housing Commission (Housing Commission) recommend the Housing Authority of the City of San Diego (Housing Authority) take the following actions, as described in this report.

- 1) Approve the following steps to issue Housing Authority tax-exempt multifamily housing revenue bonds for this project:
  - a. Issue a bond inducement resolution (Declaration of Official Intent) for up to \$100,000,000 in multifamily housing revenue bonds for the development of Vista Terrace Hills by a limited partnership formed by Eden Housing, Inc.
  - b. Authorize an application (and subsequent applications, if necessary) to the California Debt Limit Allocation Committee (CDLAC) for an allocation of authority to issue tax-exempt private activity bonds in an amount up to \$100,000,000 for Vista Terrace Hills;
  - c. Approve the financing team of Jones Hall as Bond Counsel and CSG Advisors as Financial Advisor; and
  - d. Request that the San Diego City Council (City Council) hold a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing and adopt a resolution approving the issuance of multifamily housing revenue bonds in an amount up to \$100,000,000; and
- 2) Authorize the Housing Commission President & Chief Executive Officer (President & CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by General Counsel and bond counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of General Counsel and/or the bond counsel.

## **SUMMARY**

A development summary is included as Attachment 1.

**Table 1 – Development Details**

|                     |   |
|---------------------|---|
| Address             | 1790 Del Sur Boulevard  |
| Council District    | 8   |
| Community Plan Area | San Ysidro  |
| Development Type    | Rehabilitation  |
| Construction Type   | Type V  |
| Parking Type        | Surface Parking   |
| Housing Type        | Multifamily   |
| Lot Size            | Approximately 8.6 acres, 374,616 square feet  |
| Units               | 262   |
| Density             | 30.5 dwelling units per acre  |
| Affordable Unit Mix | 208 three-bedroom units, 52 four-bedroom units, and 2 three-bedroom managers' units |
| Gross Building Area | 287,585 square feet   |
| Net Rentable Area   | 277,003 square feet   |

## **Financing Structure**

Vista Terrace Hills has an estimated total development cost of \$126,999,938 and an estimated total per unit cost of \$484,733 per unit. It will be financed with a combination of 4 percent tax credits, tax-exempt multifamily housing revenue bonds, a seller carryback note, accrued interest during construction, income from operations, General Partner (GP) capital contributions and a deferred developer fee.

There will be no Housing Commission loan on this rehabilitation project.

Estimated permanent sources and uses of financing are provided in Table 2. A full project pro forma is also provided as Attachment 2.

**Table 2 – Vista Terrace Hills Estimated Sources and Uses of Financing**

| <b>Permanent Financing Sources</b>   | <b>Amounts</b>       | <b>Permanent Financing Uses</b> | <b>Amounts</b>       |
|--------------------------------------|----------------------|---------------------------------|----------------------|
| Tax-Exempt Permanent Loan            | \$59,591,600         | Acquisition Costs               | \$70,636,850         |
| 4% Tax Credit Equity                 | \$48,039,835         | Hard Costs                      | \$26,907,484         |
|                                      |                      | Hard Cost Contingency           | \$5,381,497          |
| Seller Carryback                     | \$5,067,004          | Soft Costs                      | \$7,991,219          |
| Accrued Interest during Construction | \$304,020            | Financing Costs                 | \$1,105,419          |
| Withdrawal from Existing Reserves    | \$356,850            | Developer Fee                   | \$14,977,469         |
| Income from Operations               | \$2,500,000          |                                 |                      |
| Deferred Developer Fee               | \$10,877,469         |                                 |                      |
| GP Capital Contributions             | \$263,160            |                                 |                      |
| <b>Total Development Cost</b>        | <b>\$126,999,938</b> | <b>Total Development Cost</b>   | <b>\$126,999,938</b> |

### Housing Commission Bond Program Policy

The Multifamily Mortgage Revenue Bond Program Policy 300.3001 (Bond Policy) is administered by the Housing Commission (Attachment 3). The Housing Authority serves as the local governmental agency responsible for issuing multifamily mortgage revenue bonds (Bonds) for the acquisition, construction and development of projects within the city of San Diego (City). The Housing Authority, under applicable state law, has the power to issue Bonds to finance developments through the use of Bond proceeds to fund loans to borrowers. The Housing Authority is the primary issuer for all transactions within the city and in very limited situations allows issuers other than the Housing Authority to issue bonds. The Housing Authority relinquishes its right to oversee and regulate projects when allowing issuers other than the Housing Authority to issue bonds in the city. The Bond documents stipulate terms, obligations and performance requirements of the borrower. Furthermore, the Bond documents provide the Housing Authority legal authority to ensure that developments remain in good, habitable and safe condition, and operate pursuant to the rent and income restrictions. The Bond documents are the instruments which allow the Housing Authority to physically inspect, enforce and comply with our Bond Policy provisions. Only under rare circumstances should the Housing Authority relinquish these rights.

The specific goals of the Bond Policy include increasing and preserving the supply of affordable rental housing; encouraging economic integration within residential communities; maintaining a quality living environment for residents of affordable housing developments and surrounding properties; and, in the event of provision of public funds towards the development, optimizing the effectiveness of Housing Commission, or other public funding by maximizing the leveraging of private sector funds.

### Development Costs

Vista Terrace has a high total development cost. The Housing Commission is concerned about the rising costs and inadequate supply of housing throughout the nation and published the report *Addressing the Housing Affordability Crisis: An Action Plan for San Diego* on November 25, 2015. The report proposes 11 recommended actions at the Local, State, or Federal level, such as shortening the permit approval process, deferring development fees, and unlocking underutilized land, to increase production and reduce costs for both affordable housing and market rate housing in San Diego. High cost developments such as Vista Terrace are of concern to the Housing Commission and the community at large. It should be noted that Vista Terrace is an existing affordable housing project in the City with no Housing Commission loan. The Housing Commission is acting solely as conduit bond issuer for this transaction, and no public funding will be allocated toward the acquisition and development of Vista Terrace. In reviewing the total development cost of Vista Terrace, Housing Commission staff has identified three primary areas that contribute to the high cost of developing Vista Terrace; acquisition cost, construction hard costs, and developer fee.

### Acquisition Cost

The acquisition price is based on an independent third-party appraisal completed by a MAI appraiser and in compliance with Uniform Standards of Professional Appraisal Practice (USPAP) standards. The value of the development was determined by the income capitalization approach. The development receives Project-Based Housing Vouchers (PBV) for 260 of the 262 units and contracts directly with the U.S. Department of Housing and Urban Development (HUD) for these vouchers. Vista Terrace is currently in negotiations with HUD to increase project rents, which will be used to support the proposed rehabilitation scope of work and ongoing operations of the development. The PBV rents are calculated based on Fair Market Rents (FMR) published by HUD annually. The PBV rents allow for the developer to collect rental income in excess of restrictions imposed by the bond and tax credit regulatory agreements. The high acquisition cost of the

development is attributable to PBV rental income and low operating costs associated with economies of scale.

#### Construction Hard Costs

The proposed rehabilitation of the existing improvements is necessary to address long-term capital needs of Vista Terrace. Improving the property meets specific Bond Policy goals, including preserving and maintaining high-quality housing for residents. Current and future residents will benefit from the capital improvements for a minimum 55-year term. A detailed rehabilitation scope of work is included as Attachment 4.

#### Developer Fee

The Housing Commission does not currently impose developer fee caps to projects with no Housing Commission funding. The California Debt Limit Allocation Committee (CDLAC) imposes the California Tax Credit Allocation Committee (CTCAC) developer fee structure. CTCAC changed their developer fee structure on October 21, 2015. Previous regulations capped developer fee to a maximum of \$2,500,000. Current regulations allow acquisition rehabilitation projects to generate a fee equal to 15 percent of the unadjusted eligible construction related basis and 5 percent of the unadjusted eligible acquisition basis. Eligible basis is the total amount of development costs that generate Internal Revenue Code Section 42 tax credits and include most construction hard costs and most depreciable soft costs attributable to residential costs of acquiring and developing the project. All developer fees in excess of \$2,500,000 plus \$10,000 for each tax credit unit in excess of 100 shall be deferred or contributed as equity to the project. Eden Housing is eligible for a developer fee equivalent to \$14,977,469. The current proposal includes a \$4,100,000 upfront developer fee (equivalent to \$15,530 per unit) and \$10,877,469 deferred fee payable out of project cash flow.

#### Financing Challenges

The dissolution of Former Redevelopment Agencies in California and diminishing public financing resources require developers to exhaust all financing resources to make deals financial viable. The Housing Commission has observed developers utilizing the low-income housing tax credit as the primary source of funding for their affordable housing transactions. The low-income housing tax credit (LIHTC) is responsible for producing millions of affordable housing units. As noted in the Developer Fee section, the Housing Commission has observed developers maximizing eligible basis to generate additional low-income housing tax credits (tax credits) to fill financing gaps historically filled by public funding. As a result, total development costs of transactions have increased. For example, developers maximize acquisition cost basis and developer fee basis to generate additional tax credits. Vista Terrace is a prime example of this. Eden Housing has maximized the appraised value of the development and will provide a seller carryback promissory note in the amount of \$5,067,004 in order to maximize acquisition basis. Eden Housing will also request the maximum amount of developer fee (\$14,997,469) to maximize basis and a defer \$10,877,469. The seller carryback promissory note and deferred developer fee will be payable from project cash flows. It should be noted that the seller carryback note and deferred fee combined increase the total development cost by \$15,954,473 (\$60,434 per unit) however, generated an estimated \$7,100,000 in tax credit equity that will be used to finance the development. The additional tax credit equity will be used to fund capital improvements to enhance tenant living conditions and make necessary exterior improvements to the project which benefit the surrounding community.

#### Developer's Request

The developer is requesting Housing Authority issuance of up to \$100,000,000 of tax-exempt multifamily mortgage revenue bonds. No direct Housing Commission loan funds are requested. Bonds issued are limited obligations of the Housing Authority and are secured only by a loan in which the Housing Authority assigns to the bondholder(s) to secure payment of the bonds. The Housing Authority assumes no credit risks with respect to repayment of the bonds. Repayment of bonds are secured by a deed of trust that encumbers the project to be acquired or constructed. As required under the multifamily housing bond program, the affordability term for all units will be 55 years.

#### The Development

Vista Terrace Hills is an existing 262-unit multifamily rental development located at 1790 Del Sur Boulevard in the San Ysidro Community Plan Area (Attachment 5 – Site Map). The development consists of 30 two- and three-story walk-up, wood frame and stucco apartment buildings with 210 three-bedroom units and 52 four-bedroom units. Current amenities include a leasing office, laundry facilities, a fitness room, as well as an outdoor recreational area consisting of a barbeque, picnic areas, a basketball court and a tot lot. The neighborhood is composed of predominantly single-family and multifamily dwelling units situated north of Beyer Boulevard and along Del Sur Boulevard. There are several parks, schools and neighborhood shopping located within one to two miles of the property.

#### Building Condition/Proposed Rehabilitation Work

The property was constructed in 2001 and is showing signs of aging. The developer is requesting the issuance of up to \$100 million in bonds to finance the rehabilitation of the property to extend its useful life and maintain its marketability. The scope of the proposed rehabilitation includes improvements to unit interiors and common areas as well as improvements to building electrical, plumbing, and mechanical systems. The full scope of work, including a list of specific green measures, is included as Attachment 4.

Adjustments may be made to the proposed scope of work following the completion of a pending Physical Needs Assessment.

#### Prevailing Wages

The funding sources for the Vista Terrace Hills rehabilitation do not require the payment of prevailing wages.

#### Project Sustainability

Vista Terrace Hills will comply with the California Tax Credit Allocation Committee's (TCAC) minimum energy efficiency standards for rehabilitation projects, which require demonstrating at least 10 percent post-rehabilitation improvement in energy efficiency over existing conditions. Additional sustainability and water preservation features may be implemented in the final scope of work pending the completion of a Physical Needs Assessment.

#### Development Team

During the 15-year tax credit compliance period, Vista Terrace Hills will be owned by a California limited partnership (a single-asset limited partnership) that will include: an affiliate of Eden as the general partner, and a to-be determined tax-credit investor limited partner. A statement for public disclosure for Eden is included in Attachment 6.

Eden Housing is a nonprofit based in Northern California with a mission to build and maintain high-quality, well-managed, service-enhanced affordable housing communities that meet the needs of lower income families, seniors, and persons with disabilities. Since being founded in 1968, Eden Housing has developed or acquired more than 7,500 affordable housing units in 100 properties that have provided homes for more than 65,000 people across 13 counties in California. In the mid-1990s, Eden Housing expanded the scope of affordable housing development to include the provision of free on-site support services and programs for its residents.

**Table 3 - Development Team Summary**

| <b>ROLE</b>         | <b>FIRM/CONTRACT</b>            |
|---------------------|---------------------------------|
| Owner               | Eden Vista Terrace 2, L.P.      |
| General Partner     | Eden Vista Terrace GP, LLC      |
| Developer           | Eden Housing, Inc.              |
| Architect           | Basis Architecture & Consulting |
| General Contractor  | Precision General Contracting   |
| Property Management | Eden Housing Management, Inc.   |
| Land Owner/Seller   | Eden Vista Terrace, L.P.        |

#### Property Management

Vista Terrace Hills will continue to be managed by Eden Housing Management Inc., an affiliate of Eden. Since its establishment in 1984, Eden Housing's property management affiliate, Eden Housing Management, Inc. has provided professional management for Eden Housing's properties and residents. Eden Housing currently manages 7,000 affordable rental units in more than 70 developments for Eden Housing and third party owners.

#### Proposed Housing Bonds

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make federal 4 percent tax credits available) to developers of affordable rental housing. The Housing Authority's ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to CDLAC for a bond allocation. Prior to submitting applications to CDLAC, developments are brought before the Housing Commission, Housing Authority and City Council. Housing Authority bond inducement resolutions must be obtained prior to application submittal, and City Council TEFRA resolutions must be secured no later than 30 days after application submittal. These actions do not obligate the Housing Authority to issue bonds.

The developer plans to submit a bond allocation application to CDLAC in May 2016 for a July 2016 bond allocation meeting; however, if necessary, staff will submit additional applications to CDLAC to secure a bond allocation for the development.

The developer will be seeking a CDLAC bond allocation of approximately \$100,000,000. The developer proposes to issue the bonds through a tax-exempt private placement bond issuance. The bonds will meet all requirements of the Housing Commission's Multifamily Housing Revenue Bond Program policy and will fully comply with the City of San Diego's (City) ordinance on bond disclosure. The up to \$100,000,000 bond allocation that will be sought from CDLAC is approximately 15 percent higher than the \$87 million amount for which the development is being underwritten. This increased amount represents a cushion to account for possible increases in the bond amount due to increases in construction costs, and/or decreases in the assumed interest rate, and/or the loss of other planned funding sources. The bond amount that is

ultimately issued will be based upon development costs, revenues and interest rates prevailing at the time of bond issuance.

The developer proposes that the bonds will be used for acquisition, rehabilitation and permanent financing. The Housing Commission staff will later return to both the Housing Commission and Housing Authority for approval of the final bond amount. A general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings are described in Attachment 7.

Staff recommends assigning CSG Advisors as Financial Advisor and Jones Hall as Bond Counsel to work on the development. The proposed financing team members have been selected in accordance with the existing policy for the issuance of bonds. Financial Advisors and Bond Counsels are designated on a rotating basis from the firms selected under the program through a competitive Request for Proposal process.

#### Estimated Development Schedule

The estimated development timeline is as follows.

| <b>Milestones</b>  | <b>Estimated Dates</b>  |
|--|---|
| <ul style="list-style-type: none"> <li>Housing Authority for preliminary consideration</li> <li>City Council IRS-required TEFRA hearing</li> <li>CDLAC bond application</li> <li>TCAC 4% tax-credit application</li> <li>CDLAC and TCAC allocation meetings</li> <li>Housing Commission proposed final bond authorization</li> <li>Housing Authority proposed final bond authorization</li> <li>Estimated bond issuance and escrow closing</li> <li>Estimated start of rehabilitation</li> <li>Estimated completion of rehabilitation</li> </ul> | <ul style="list-style-type: none"> <li>April 26, 2016</li> <li>April 26, 2016</li> <li>May 20, 2016</li> <li>May 20, 2016</li> <li>July 20, 2016</li> <li>July 29, 2016</li> <li>August 2, 2016</li> <li>August 2016</li> <li>August 2016</li> <li>August 2017</li> </ul> |

#### **AFFORDABLE HOUSING IMPACT**

Under the proposed bond financing, Vista Terrace Hills would restrict 30 percent of its units to households with incomes at or below 50 percent of San Diego Area Median Income (AMI), currently \$42,500 per year for a family of four, and 70 percent of the units to households at or below 60 percent AMI, currently **\$51,000** per year for a family of four. Vista Terrace Hills will be affordable for a 55-year term. Table 4 summarizes the affordability:

**Table 4 – Vista Terrace Hills Affordability & Monthly Estimated Rent Table**

| <b>Unit Type</b>  | <b>Restrictions</b> | <b>AMI</b> | <b>Number of Units</b> | <b>Proposed Gross Rents</b> |
|-------------------|---------------------|------------|------------------------|-----------------------------|
| 3-bedroom         | Bond                | 50% AMI    | 58                     | \$1,013                     |
| 3-bedroom         | Bond                | 60% AMI    | 150                    | \$1,215                     |
| 4-bedroom         | Bond                | 50% AMI    | 20                     | \$1,094                     |
| 4-bedroom         | Bond                | 60% AMI    | 32                     | \$1,313                     |
| 3 Bedroom–Manager |                     | n/a        | 2                      | -                           |
| Total             |                     |            | 262                    |                             |

In addition to the bond and tax credit regulatory restrictions, the development is subject to an existing Declaration of Covenants, Conditions, and Restrictions from a previous Housing Commission loan that has been fully repaid. The more stringent of the various rent restrictions will take precedence during the term of their applicability.

### **FISCAL CONSIDERATIONS**

The proposed funding sources and uses approved by this action are included in the Housing Authority-approved Fiscal Year (FY) 2016 Housing Commission Budget. Approving this action will not change the FY 2016 total budget.

Funding sources approved by this action will be as follows:

Bond Issuance Fees - \$250,000

Funding uses approved by this action will be as follows:

Rental Housing Finance Program Administration Costs - \$250,000

Approval of the bond inducement and TEFRA resolutions does not commit the Housing Authority to issue bonds. The bonds would not constitute a debt of the City. If bonds are ultimately issued for the development, the bonds will not financially obligate the City, the Housing Authority or the Housing Commission because security for the repayment of the bonds will be limited to specific private revenue sources of the development. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's annual administrative fee, as well as Housing Commission Bond Counsel and Financial Advisor fees.

### **PREVIOUS COUNCIL AND COMMITTEE ACTIONS:**

The Housing Commission on November 17, 2000, (HCR00-111) and the Housing Authority on December 12, 2000, (HA Resolution No. 1077) approved a \$1,200,000 residual receipts loan for Vista Terrace Hills, which has been repaid.

### **COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS**

Vista Terrace Hills is located within the San Ysidro Community Plan Area. Eden will present the development as an informational item to the San Ysidro Planning Group prior to final bond authorization.

### **KEY STAKEHOLDERS and PROJECTED IMPACTS**

Stakeholders include Eden Housing, the San Ysidro community and residents. Rehabilitation of the property is expected to have a positive impact on the community because it will provide the needed capital improvements to the property and preserve the affordability of Vista Terrace Hills.

### **ENVIRONMENTAL REVIEW**

The proposed rehabilitation is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section 15301 of the State CEQA Guidelines because Vista Terrace Hills is an existing facility and the proposed actions do not involve expansion of the existing use. The project meets the criteria set forth in CEQA Section 15301(a), which allows for

exterior and interior alterations of existing facilities. Processing under the National Environmental Policy Act (NEPA) is not required as there are no Federal funds involved with this action.

Respectfully submitted,

*Cameron Shariati*

Cameron Shariati  
Assistant Real Estate Manager  
Real Estate Division

Approved by,

*Deborah N. Ruane*

Deborah N. Ruane  
Senior Vice President  
Real Estate Division

Attachments: 1) Development Summary  
2) Project Pro Forma  
3) Housing Commissions Multifamily Mortgage Revenue Bond Program Policy  
4) Proposed Scope of Work  
5) Site Map  
6) Developer Disclosure Statements  
7) Multifamily Housing Revenue Bond Program

Hard copies are available for review during business hours at the security information desk in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101 and at the Office of the San Diego City Clerk, 202 C Street, San Diego, CA 92101. You may also review complete docket materials on the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).

## ATTACHMENT 1 – DEVELOPMENT SUMMARY

**Table 1 – Development Details**

|                     |   |
|---------------------|---|
| Address             | 1790 Del Sur Boulevard  |
| Council District    | 8   |
| Community Plan Area | San Ysidro  |
| Development Type    | Rehabilitation  |
| Construction Type   | Type V  |
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| Housing Type        | Multifamily   |
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| Gross Building Area | 287,585 square feet   |
| Net Rentable Area   | 277,003 square feet   |

**Table 2 – Vista Terrace Hills Estimated Sources and Uses of Financing**

| <b>Permanent Financing Sources</b>   | <b>Amounts</b>       | <b>Permanent Financing Uses</b> | <b>Amounts</b>       |
|--------------------------------------|----------------------|---------------------------------|----------------------|
| Tax-Exempt Permanent Loan            | \$59,591,600         | Acquisition Costs               | \$70,636,850         |
| 4% Tax Credit Equity                 | \$48,039,835         | Hard Costs                      | \$26,907,484         |
|                                      |                      | Hard Cost Contingency           | \$5,381,497          |
| Seller Carryback                     | \$5,067,004          | Soft Costs                      | \$7,991,219          |
| Accrued Interest during Construction | \$304,020            | Financing Costs                 | \$1,105,419          |
| Withdrawal from Existing Reserves    | \$356,850            | Developer Fee                   | \$14,977,469         |
| Income from Operations               | \$2,500,000          |                                 |                      |
| Deferred Developer Fee               | \$10,877,469         |                                 |                      |
| GP Capital Contributions             | \$263,160            |                                 |                      |
|                                      |                      |                                 |                      |
| <b>Total Development Cost</b>        | <b>\$126,999,938</b> | <b>Total Development Cost</b>   | <b>\$126,999,938</b> |

**Table 3 - Development Team Summary**

| <b>ROLE</b>         | <b>FIRM/CONTRACT</b>            |
|---------------------|---------------------------------|
| Owner               | Eden Vista Terrace 2, L.P.      |
| General Partner     | Eden Vista Terrace GP, LLC      |
| Developer           | Eden Housing, Inc.              |
| Architect           | Basis Architecture & Consulting |
| General Contractor  | Precision General Contracting   |
| Property Management | Eden Housing Management, Inc.   |
| Land Owner/Seller   | Eden Vista Terrace, L.P.        |

**Table 4 – Vista Terrace Hills Affordability & Monthly Estimated Rent Table**

| <b>Unit Type</b>  | <b>Restrictions</b> | <b>AMI</b> | <b>Number of Units</b> | <b>Proposed Gross Rents</b> |
|-------------------|---------------------|------------|------------------------|-----------------------------|
| 3-bedroom         | Bond                | 50% AMI    | 58                     | \$1,013                     |
| 3-bedroom         | Bond                | 60% AMI    | 150                    | \$1,215                     |
| 4-bedroom         | Bond                | 50% AMI    | 20                     | \$1,094                     |
| 4-bedroom         | Bond                | 60% AMI    | 32                     | \$1,313                     |
| 3 Bedroom–Manager |                     | n/a        | 2                      | -                           |
| Total             |                     |            | 262                    |                             |

|               |  |  |        |          |                   |
|---------------|--|--|--------|----------|-------------------|
| VISTA TERRACE |  |  | PAGE 1 |          |                   |
| Prepared For: | Eden Housing                               |  |        |          |                   |
| Prepared By:  | California Housing Partnership Corporation |  |        |          |                   |
| Version:      | CDLAC/TCAC Version                         |  |        |          |                   |
|               |  |  |        | Revised: | 24-Mar-16 2:38 PM |

SOURCES OF FUNDS

| SOURCES OF FUNDS - PERMANENT               |             |                     |                   |           |                               |
|--|-------------|---------------------|-------------------|-----------|-------------------------------|
|  | AMOUNT      | TOTAL INTEREST COST | OID INTEREST RATE | TERM (Yr) | COMMENTS                      |
| Tax-Exempt Perm Loan (Direct Placement)    | 59,591,600  | 5.21%               |                   | 35        |                               |
| Seller Carryback                           | 5,067,004   | 4.00%               | 4.00%             | 55        | Per Unit: 19,340              |
| Accrued/Deferred Interest during Const     | 304,020     |                     |                   |           |                               |
| Withdrawal from Existing Project Reserves  | 356,850     |                     |                   |           |                               |
| Income from Operations prior to Conversion | 2,500,000   |                     |                   |           |                               |
| Deferred Developer Fee                     | 10,877,469  | 0.00%               |                   |           |                               |
| Capital Contributions                      |             |                     |                   |           |                               |
| GP Capital for Short Term Work             | 263,160     |                     |                   |           |                               |
| General Partner                            | 0           |                     |                   |           | % ownership: 0.01%            |
| Limited Partners                           | 48,039,835  |                     |                   |           | % ownership: 99.99%           |
| TOTAL SOURCES                              | 126,999,938 |                     |                   |           | Equity Pricing in LOL: 1.1600 |
| Surplus/(Shortfall)                        | 0           |                     |                   |           |                               |

Net Equity 48,007,774

Net TDC 126,967,877

|                       |        |
|-----------------------|--------|
| Term Bond Rate Stack: |        |
| Bond/Swap Rate        | 5.160% |
| Issuer                | 0.050% |
| Trustee               | 0.000% |
| Total                 | 5.210% |

|   |                   |          |
|---|-------------------|----------|
| SELLER FINANCING CALCULATION                    | Assumed sale date | 08/01/16 |
| Existing Reserves (projected to 8/1/16)         | 356,850           |          |
| Purchase Price (Appraised Value) + Reserves     | 70,356,850        |          |
| Total Purchase Price                            | 70,356,850        |          |
| Less: Cash to Seller for Acq Loan Payoff        | (38,000,000)      |          |
| Less: Cash to Seller for Equity Investor Payoff | (23,126,686)      |          |
| Less: Cash to Seller for Equity Investor Return | (2,900,000)       |          |
| Less: Cash to Seller for Eden Equity Payoff     | (1,000,000)       |          |
| Less: Cash to Seller to pay for Short Term Work | (263,160)         |          |
| Seller Financing Amount                         | 5,067,004         |          |

|  |            |
|--|------------|
| ESTIMATE OF PROPERTY VALUE AND PRICE, 2016         |            |
| Gregg Palmer Appraisal<br>11/30/2015               |            |
| Building @ 90% of Est Value                        | 63,069,000 |
| Land @ 10% of Est Value                            | 6,931,000  |
| Total As-Is Value                                  | 70,000,000 |
| MINIMUM REHAB BASIS TEST                           |            |
| Total Acquisition Basis                            | 72,829,401 |
| 20% of Acquisition Basis                           | 14,565,880 |
| Total Rehab Basis                                  | 41,997,859 |
| Excess (Deficit) Rehab Basis Over 20% of Acq Basis | 27,431,979 |

| SOURCES OF FUNDS - CONSTRUCTION             |             |          |            |  |
|---|-------------|----------|------------|--|
|   | AMOUNT      | INT RATE | TERM (Mo.) |  |
| Tax-Exempt Const Loan                       | 99,946,756  | 3.750%   | 18         | 50% Test (see pg 4a): 82.08% 1.60% plus 30 day LIBOR                     |
| Seller Carryback                            | 5,067,004   | 4.000%   | 18         | Inducement Resolution: \$85,000,000; revised Inducement to \$100,000,000 |
| Accrued/Deferred Interest during Const      | 304,020     |          |            | Estimated long-term AFR in 2017  |
| Withdrawal from Existing Project Reserves   | 356,850     |          |            |  |
| Costs Deferred Until Permanent Loan Closing | 2,880,695   |          |            |  |
| Income from Operations                      | 2,500,000   |          |            |  |
| Deferred Developer Fee                      | 10,877,469  |          |            |  |
| Capital Contributions                       |             |          |            |  |
| GP Capital for Short Term Work              | 263,160     |          |            |  |
| General Partner                             | 0           |          |            |  |
| Limited Partners                            | 4,803,983   |          |            |  |
| TOTAL SOURCES                               | 126,999,938 |          |            |  |
| Surplus/(Shortfall)                         | 0           |          |            |  |

Net LP Equity 4,771,922

Net TDC 126,967,877

|                                   |             |
|-----------------------------------|-------------|
| Const. Loan Valuation             |             |
| Restricted NOI                    | 4,425,729   |
| OAR                               | 5.50%       |
| Perm Loan Amount                  | 80,467,800  |
| Credit Value @ 1.16               | 48,039,835  |
| Beneficial Value of BMR Financing | 0           |
| Total Value                       | 128,507,635 |
| LTV:                              | 80.00%      |
| Max. Const. Loan Amount           | 102,806,108 |
| Est. Commitment Amount            | 99,946,756  |

| VISTA TERRACE   |                |   |                  |   |
|---|----------------|---|------------------|---|
| NET EQUITY CALCULATION (per TCAC Regulation 10302(c)) |                |   |                  |   |
| SELLER:   |                |   |                  |   |
| BUYER:  |                |   |                  |   |
|   |                |   |                  |   |
| <u>PROPOSED SELLER SETTLEMENT:</u>                    |                |   |                  |   |
|   |                |   |                  |   |
| <u>Credits</u>  |                | <u>Debits</u>   |                  | <i>Notes:</i>   |
| Purchase Price-Real Estate                            | 70,000,000     | Payoff Existing Century Affordable Development Loan         | 38,000,000       | <i>Loan proceeds used to acquire property on 4/2015</i>   |
| Purchase Price-Existing Reserves                      | <u>356,850</u> | Payoff Existing Equity Investment, National Equity Fund     | 26,026,686       | <i>Equity proceeds used to acquire property on 4/2015</i>   |
|   |                | Payoff Existing Equity Investment, Eden Housing             | 1,000,000        | <i>Equity proceeds used to acquire property on 4/2015</i>   |
|   |                | Proceeds to Seller to Pay for Short Term Capital Needs Work | 263,160          | <i>Estimate from capital needs assessment</i>   |
|   |                | Seller Carryback Loan                                       | <u>5,067,004</u> |   |
|   |                |   |                  |   |
| TOTAL CREDITS   | 70,356,850     | TOTAL DEBITS  | 70,356,850       |   |
|   |                |   |                  |   |
|   |                | NET PROJECT EQUITY  | 1,263,160        | <i>\$1,000,000 to return equity investment to Eden Housing;<br/>\$263,160 to pay for Short Term Capital Needs</i> |

VISTA TERRACE  
USES OF FUNDS

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| USES OF FUNDS                                      | DEPRECIABLE |                      |                |             |         |           |          | 100.00%<br>TAX CREDIT ELIGIBLE | Deferred<br>Until<br>Perm Conv. |           |
|--|-------------|----------------------|----------------|-------------|---------|-----------|----------|--------------------------------|---------------------------------|-----------|
|  | TOTAL       | TOTAL<br>RESIDENTIAL | NON-<br>DEPREC | RESIDENTIAL | NON-RES | EXPENSE   | AMORTIZE | CONST/<br>REHAB                |                                 | ACQUIS.   |
| ACQUISITION COSTS                                  |             |                      |                |             |         |           |          |                                |                                 |           |
| Total Purchase Price:                              |             |                      |                |             |         |           |          |                                |                                 |           |
| 70,000,000   |             |                      |                |             |         |           |          |                                |                                 |           |
| Land (incl. prepay fee)                            | 6,931,000   | 6,931,000            | 6,931,000      |             |         |           |          |                                |                                 |           |
| Building (incl. prepay fee)                        | 63,069,000  | 63,069,000           | 0              | 63,069,000  | 0       |           |          |                                | 63,069,000                      |           |
| Acquisition of Existing Reserves                   | 356,850     | 356,850              | 356,850        |             |         |           |          |                                |                                 |           |
| Prepay Fee   | 0           | 0                    | 0              | 0           | 0       |           |          |                                | 0                               |           |
| Title/Rec/Escrow/Transfer Tax/Broker - Acquisition | 280,000     | 280,000              | 28,083         | 251,917     | 0       |           |          |                                | 251,917                         |           |
| Const contract:                                    |             |                      |                |             |         |           |          |                                |                                 |           |
| 26,907,484   |             |                      |                |             |         |           |          |                                |                                 |           |
| GENERAL DEVELOPMENT COSTS                          |             |                      |                |             |         |           |          |                                |                                 |           |
| Hard Costs-Unit Construction                       | 24,707,484  | 24,707,484           | 0              | 24,707,484  | 0       |           | 0        | 24,707,484                     |                                 |           |
| Construction Contingency                           | 5,381,497   | 5,381,497            | 0              | 5,381,497   | 0       |           |          | 5,381,497                      |                                 |           |
| Contractor General Requirements/OH&P               | 2,200,000   | 2,200,000            | 0              | 2,200,000   | 0       |           |          | 2,200,000                      |                                 |           |
| Local Development Impact Fees                      | 0           | 0                    | 0              | 0           | 0       |           |          | 0                              |                                 | 0         |
| Local Permits/Fees                                 | 75,000      | 75,000               |                | 75,000      | 0       |           |          | 75,000                         |                                 | 0         |
| Architecture                                       | 325,000     | 325,000              |                | 325,000     | 0       |           |          | 325,000                        |                                 |           |
| Survey/Engineering/PNA                             | 25,000      | 25,000               |                | 25,000      | 0       |           |          | 25,000                         |                                 |           |
| Appraisal  | 12,000      | 12,000               | 0              | 12,000      | 0       |           | 0        | 12,000                         |                                 |           |
| Market Study (TCAC)                                | 10,000      | 10,000               |                |             |         |           | 10,000   | 0                              |                                 |           |
| Construction Supervision                           | 120,000     | 120,000              |                | 120,000     | 0       |           |          | 120,000                        |                                 |           |
| Relocation-Temporary                               | 850,000     | 850,000              |                | 850,000     | 0       |           |          | 850,000                        |                                 |           |
| Construction Loan Interest                         | 3,904,170   | 3,904,170            |                | 1,717,835   | 0       | 2,186,335 |          | 1,717,835                      | 0                               |           |
| Const Loan Interest - Seller Carryback             | 304,020     | 304,020              |                | 0           | 0       | 304,020   |          | 0                              | 0                               |           |
| Title/Recording/Escrow - Construction              | 25,000      | 25,000               |                | 25,000      | 0       |           |          | 25,000                         | 0                               |           |
| Title/Recording/Escrow - Permanent                 | 55,000      | 55,000               |                |             |         |           | 55,000   |                                |                                 | 55,000    |
| Soft Cost Contingency                              | 500,000     | 500,000              | 0              | 500,000     | 0       |           |          | 500,000                        |                                 |           |
| TCAC Application/Res/Monitoring Fee                | 150,834     | 150,834              |                |             |         |           | 150,834  |                                |                                 | 0         |
| Legal: Acquisition                                 | 10,000      | 10,000               | 1,003          | 8,997       | 0       |           |          |                                | 8,997                           |           |
| Construction Closing                               | 35,000      | 35,000               |                | 35,000      | 0       |           |          | 35,000                         | 0                               |           |
| Permanent Closing                                  | 10,000      | 10,000               |                |             |         |           | 10,000   | 0                              |                                 | 10,000    |
| Organization of Ptnshp                             | 4,000       | 4,000                |                |             |         |           | 4,000    |                                |                                 |           |
| Syndication - GP                                   | 8,061       | 8,061                | 8,061          |             |         |           |          |                                |                                 |           |
| Syndication Consulting-CHPC                        | 0           | 0                    | 0              |             |         |           |          | 0                              | 0                               |           |
| Audit/Cost Certification                           | 20,000      | 20,000               |                |             |         | 20,000    | 0        |                                |                                 |           |
| Furnishings  | 200,000     | 200,000              |                | 200,000     | 0       |           |          | 200,000                        |                                 | 0         |
| Rent-up/Marketing                                  | 50,000      | 50,000               | 0              |             |         | 50,000    |          |                                |                                 |           |
| Capitalized Operating Reserve (3 mos.)             | 1,298,134   | 1,298,134            | 1,298,134      |             |         |           |          |                                |                                 | 1,215,695 |
| Developer Fee                                      | 14,977,469  | 14,977,469           |                | 14,977,469  | 0       |           |          | 5,477,982                      | 9,499,487                       | 1,600,000 |
| COSTS OF ISSUANCE/FINANCING FEES                   |             |                      |                |             |         |           |          |                                |                                 |           |
| Bond Counsel                                       | 55,000      | 55,000               |                | 0           | 0       |           | 55,000   | 0                              |                                 |           |
| Borrower Counsel                                   | 20,000      | 20,000               |                | 0           | 0       |           | 20,000   | 0                              |                                 |           |
| Issuer Counsel                                     | 7,500       | 7,500                |                | 0           | 0       |           | 7,500    | 0                              |                                 |           |
| Issuer Application Fee                             | 2,500       | 2,500                |                | 0           | 0       |           | 2,500    | 0                              |                                 |           |
| Issuer Fee-Upfront (CMFA)                          | 87,473      | 87,473               |                | 0           | 0       |           | 87,473   | 0                              |                                 |           |
| Issuer Fee - Ann'l during Const (CMFA)             | 74,960      | 74,960               |                | 0           | 0       |           | 74,960   | 0                              |                                 |           |
| Lender Origination - Construction (0.65%)          | 649,654     | 649,654              |                | 285,848     | 0       | 363,806   | 0        | 285,848                        |                                 |           |
| Lender Expenses - Construction                     | 71,850      | 71,850               |                | 31,614      | 0       | 40,236    | 0        | 31,614                         |                                 |           |
| Lender Counsel - Construction                      | 65,000      | 65,000               |                | 28,600      | 0       | 36,400    | 0        | 28,600                         |                                 |           |
| Lender Origination - Permanent (0.00%)             | 0           | 0                    |                | 0           | 0       |           | 0        | 0                              |                                 |           |
| Lender Expense - Permanent                         | 15,000      | 15,000               |                | 0           | 0       |           | 15,000   | 0                              |                                 |           |
| Lender Counsel - Permanent                         | 7,500       | 7,500                |                | 0           | 0       |           | 7,500    | 0                              |                                 |           |
| CDLAC Fee  | 34,981      | 34,981               |                | 0           | 0       |           | 34,981   | 0                              |                                 |           |
| CDIAC Fee  | 4,000       | 4,000                |                | 0           | 0       |           | 4,000    | 0                              |                                 |           |
| COI Contingency                                    | 10,000      | 10,000               |                | 0           | 0       |           | 10,000   | 0                              |                                 |           |
| Subtotal - Financing/Costs of Issuance             | 1,105,419   | 1,105,419            | 0              | 346,062     | 0       | 440,442   | 318,915  | 346,062                        | 0                               | 0         |
| TOTAL DEVELOPMENT COSTS                            | 126,999,938 | 126,999,938          | 8,623,132      | 114,827,260 | 0       | 3,000,798 | 548,748  | 41,997,859                     | 72,829,401                      | 2,880,695 |
| TDC Per Unit                                       | 483,572     | 100.00%              |                |             |         |           |          |                                |                                 |           |

Developer Fee Payment Schedule:

|                     |            |
|---------------------|------------|
| Construction Close  | 2,500,000  |
| During Construction | 0          |
| Conversion          | 1,100,000  |
| Final LP Pay-in     | 500,000    |
| Plus: Deferred      | 10,877,469 |
| Plus: GP Capital    | 0          |
| Total Developer Fee | 14,977,469 |

DEVELOPER FEE CALCULATION

|   | CONST.<br>15.0% | ACQ.<br>15.0% | total      |
|---|-----------------|---------------|------------|
| Maximum Potential Fee per TCAC Formula  | 5,477,982       | 9,499,487     | 14,977,469 |
| Percent of Total  | 36.57%          | 63.43%        | 100.00%    |
| Developer Fee Taken   |                 |               | 4,100,000  |
| \$10,000/unit above 100 units   |                 |               | 1,600,000  |
| TCAC Allowable Fee Paid to Developer  |                 |               | 4,100,000  |
| Max Recontrib. Dev. Fee (GP Cap Contr/Deferred Fee)   |                 |               | 10,877,469 |
| Per Unit Construction   |                 |               | 114,843    |
| Notes: TCAC developer fee cap for 4% acq/rehab projects is 15% of rehab basis plus 15% of acq basis.<br>Amount of fee above \$2.5 million plus \$10,000/tax credit unit must be recontributed to project. |                 |               |            |

|   |  |       |                     |  |      |     |
|---|--|-------|---------------------|--|------|-----|
| AVERAGE AFFORDABILITY FOR QUALIFIED UNITS (% of Median) |  | 56.6% | UTILITY DEDUCTIONS: |  | 1 BR | \$0 |
|   |  |       |                     |  | 2 BR | \$0 |
|   |  |       |                     |  | 3 BR | \$0 |
|   |  |       |                     |  | 4 BR | \$0 |

RESIDENTIAL INCOME

| TAX-CREDIT ELIGIBLE - TIER 3 |        | 50% AMI        | PERCENT OF TARGETED UNITS |                            | 30.0%                       | TCAC AFFORDABILITY POINTS: |                        | 0.0                   |
|------------------------------|--------|----------------|---------------------------|----------------------------|-----------------------------|----------------------------|------------------------|-----------------------|
| UNIT TYPE                    | NUMBER | PER UNIT SQ FT | TOTAL SQ FT               | % MEDIAN INCOME AFFORDABLE | PER-UNIT MONTHLY GROSS RENT | PER-UNIT MONTHLY NET RENT  | TOTAL MONTHLY NET RENT | TOTAL ANNUAL NET RENT |
| 3 BR - Flat                  | 58     | 1,019          | 59,102                    | 50.0%                      | 1,013                       | 1,013                      | 58,725                 | 704,700               |
| 4 BR                         | 20     | 1,247          | 24,940                    | 50.0%                      | 1,094                       | 1,094                      | 21,875                 | 262,500               |
| TOTAL                        | 78     |                | 84,042                    |                            |                             |                            | 80,600                 | 967,200               |

| TAX-CREDIT ELIGIBLE - TIER 4 |        | 60% AMI        | PERCENT OF TARGETED UNITS |                            | 43.8%                       | TCAC AFFORDABILITY POINTS: |                        | 0.0                   |
|------------------------------|--------|----------------|---------------------------|----------------------------|-----------------------------|----------------------------|------------------------|-----------------------|
| UNIT TYPE                    | NUMBER | PER UNIT SQ FT | TOTAL SQ FT               | % MEDIAN INCOME AFFORDABLE | PER-UNIT MONTHLY GROSS RENT | PER-UNIT MONTHLY NET RENT  | TOTAL MONTHLY NET RENT | TOTAL ANNUAL NET RENT |
| 3 BR - Flat                  | 12     | 1,019          | 12,228                    | 60.0%                      | 1,215                       | 1,215                      | 14,580                 | 174,960               |
| 3 BR - Small TH              | 70     | 1,009          | 70,630                    | 60.0%                      | 1,215                       | 1,215                      | 85,050                 | 1,020,600             |
| 4 BR                         | 32     | 1,247          | 39,904                    | 60.0%                      | 1,313                       | 1,313                      | 42,000                 | 504,000               |
| TOTAL                        | 114    |                | 122,762                   |                            |                             |                            | 141,630                | 1,699,560             |

| TAX-CREDIT ELIGIBLE - TIER 5 |        | 60% AMI        | PERCENT OF TARGETED UNITS |                            | 26.2%                       | TCAC AFFORDABILITY POINTS: |                        | 0.0                   |
|------------------------------|--------|----------------|---------------------------|----------------------------|-----------------------------|----------------------------|------------------------|-----------------------|
| UNIT TYPE                    | NUMBER | PER UNIT SQ FT | TOTAL SQ FT               | % MEDIAN INCOME AFFORDABLE | PER-UNIT MONTHLY GROSS RENT | PER-UNIT MONTHLY NET RENT  | TOTAL MONTHLY NET RENT | TOTAL ANNUAL NET RENT |
| 3 BR- Large TH               | 68     | 1,032          | 70,176                    | 60.0%                      | 1,215                       | 1,215                      | 82,620                 | 991,440               |
| 4 BR                         | 0      | 1,247          | 0                         | 0.0%                       | 0                           | 1,313                      | 0                      | 0                     |
| TOTAL                        | 68     |                | 70,176                    |                            |                             |                            | 82,620                 | 991,440               |

| MANAGER UNITS |           |        |                   |                |                                  |                                   |                                 |                              |                             |
|---------------|-----------|--------|-------------------|----------------|----------------------------------|-----------------------------------|---------------------------------|------------------------------|-----------------------------|
|               | UNIT TYPE | NUMBER | PER UNIT<br>SQ FT | TOTAL<br>SQ FT | % MEDIAN<br>INCOME<br>AFFORDABLE | PER-UNIT<br>MONTHLY<br>GROSS RENT | PER-UNIT<br>MONTHLY<br>NET RENT | TOTAL<br>MONTHLY<br>NET RENT | TOTAL<br>ANNUAL<br>NET RENT |
|               | 3 BR      | 2      | 1,032             | 2,064          | 0.0%                             | 0                                 | 0                               | 0                            | 0                           |
|               | 4 BR      | 0      | 1,247             | 0              | 0.0%                             | 0                                 | 0                               | 0                            | 0                           |
|               | TOTAL     | 2      |                   | 2,064          |                                  |                                   |                                 | 0                            | 0                           |

| TOTAL RESIDENTIAL INCOME              |  |  |         | TOTAL UNITS             | TOTAL MONTHLY (Net) | TOTAL ANNUAL |
|---------------------------------------|--|--|---------|-------------------------|---------------------|--------------|
| TOTAL SQ FT - TAX CREDIT ELIGIBLE     |  |  | 279,044 | 262                     | 304,850             | 3,658,200    |
| TOTAL SQ FT - NON-TAX CREDIT ELIGIBLE |  |  | 0       |                         |                     |              |
| TOTAL RENTABLE SQ FT                  |  |  | 279,044 | TOTAL TCAC AFF. POINTS: |                     | 0.0          |

| MISC. INCOME    |  |  |  | PER-UNIT MONTHLY | TOTAL MONTHLY | TOTAL ANNUAL |
|-----------------|--|--|--|------------------|---------------|--------------|
| Laundry/Vending |  |  |  | 12.72            | 3,333         | 40,000       |
| Financial/Misc. |  |  |  | 0.00             | 0             | 0            |

| PROJECT-BASED SECTION 8                 |        |             | ASSUMED TERM (Yr): 15 |                        | (Rents from Novogradac RCS, 11/6/15) |                           |                 |                |
|---|--------|-------------|-----------------------|------------------------|--------------------------------------|---------------------------|-----------------|----------------|
|   |        |             | % MEDIAN INCOME       | PER UNIT NET BASE RENT | PER UNIT NET SECT. 8                 | INCREMENTAL PER UNIT RENT | MONTHLY INCRMTL | ANNUAL INCRMTL |
| UNIT TYPE                               | NUMBER | INCOME TIER | AFFORDABLE            | (W/O SECT. 8)          | MO. RENT                             | FROM SECT. 8              | SECT. 8 RENT    | SECT. 8 RENT   |
| 3 BR - Flat                             | 58     | 50% AMI     | 50.00%                | 1,013                  | 1,915                                | 903                       | 52,345          | 628,140        |
| 3 BR - Flat                             | 12     | 60% AMI     | 60.00%                | 1,215                  | 1,915                                | 700                       | 8,400           | 100,800        |
| 3 BR - Small TH                         | 70     | 60% AMI     | 60.00%                | 1,215                  | 1,905                                | 690                       | 48,300          | 579,600        |
| 3 BR- Large TH                          | 68     | 60% AMI     | 60.00%                | 1,215                  | 1,930                                | 715                       | 48,620          | 583,440        |
| 4 BR                                    | 20     | 50% AMI     | 50.00%                | 1,094                  | 2,230                                | 1,136                     | 22,725          | 272,700        |
| 4 BR                                    | 32     | 60% AMI     | 60.00%                | 1,313                  | 2,230                                | 918                       | 29,360          | 352,320        |
| TOTAL                                   | 260    |             |                       |                        |                                      |                           | 209,750         | 2,517,000      |
| TOTAL RENTAL INCOME INCLUDING SECTION 8 |        |             |                       |                        |                                      |                           |                 | 6,215,200      |

|  | FEDERAL    |                 |             | CALIFORNIA |                 |       |
|--|------------|-----------------|-------------|------------|-----------------|-------|
|  | ACQUIS     | CONST/<br>REHAB | TOTAL       | ACQUIS     | CONST/<br>REHAB | TOTAL |
| TOTAL ELIGIBLE COSTS   | 72,829,401 | 41,997,859      | 114,827,260 | 0          | 0               | 0     |
| Less:  | 0          | 0               | 0           | 0          | 0               | 0     |
|  | 0          | 0               | 0           | 0          | 0               | 0     |
| ELIGIBLE BASIS   | 72,829,401 | 41,997,859      | 114,827,260 | 0          | 0               | 0     |
| REQUESTED UNADJUSTED ELIGIBLE BASIS  | 72,829,401 | 41,997,859      | 114,827,260 | 0          | 0               | 0     |
| HIGH COST ADJUSTMENT (Y or N)<br><i>Sur Blvd, San Ysidro; Census Tract 100.05 which is QCT for 2014-2015</i> | Y          | 100.0%          | 130.0%      | 100.0%     | 100.0%          |       |
| ADJUSTED ELIGIBLE BASIS  | 72,829,401 | 54,597,217      | 127,426,617 | 0          | 0               | 0     |
| APPLICABLE FRACTION*   | 100.0%     | 100.0%          |             | 100.0%     | 100.0%          |       |
| QUALIFIED CREDIT BASIS   | 72,829,401 | 54,597,217      | 127,426,617 | 0          | 0               | 0     |
| REQUESTED QUALIFIED BASIS (For Leveraging Points)<br>% REDUCTION: 0.00%                                      | 100.0%     | 100.0%          |             | 100.0%     | 100.0%          |       |
|  | 72,829,401 | 54,597,217      | 127,426,617 | 0          | 0               | 0     |
| CREDIT RATE (TCAC UNDERWRITING)  |            |                 |             |            |                 |       |
| State - Total  |            |                 |             | 13.00%     | 13.00%          |       |
| Federal Annual/Yr 1-3 State  | 3.25%      | 3.25%           |             | 3.25%      | 3.25%           |       |
| Year 4 - State   |            |                 |             | 3.25%      | 3.25%           |       |
| MAX. POTENTIAL FEDERAL CREDIT (No Vol Basic Reduct/Actual Rate)<br>Credit Rates<br>Potential Credit          | 3.25%      | 3.25%           |             |            |                 |       |
|  | 2,366,956  | 1,774,410       | 4,141,365   |            |                 |       |
| MAX. CREDIT AMOUNT PER TCAC UNDERWRITING   |            |                 |             |            |                 |       |
| Federal Annual/Yr 1 State  | 2,366,956  | 1,774,410       | 4,141,365   | 0          | 0               | 0     |
| Yr 2 State   |            |                 |             | 0          | -               | 0     |
| Yr 3 State   |            |                 |             | -          | -               | 0     |
| Yr 4 State   |            |                 |             | 0          | 0               | 0     |
| Total  |            |                 |             | 0          | -               | 0     |
| ACTUAL TCAC CREDIT RESERVATION   |            |                 |             |            |                 |       |
| Federal Annual/Total State   | N/A        | N/A             | N/A         | N/A        | N/A             | N/A   |
| MAXIMUM ALLOWABLE CREDITS (Lesser of above)<br>Federal Annual/Total State                                    | 2,366,956  | 1,774,410       | 4,141,365   |            |                 | 0     |
| MAXIMUM ALLOWABLE - TEN YEAR TOTAL   |            |                 | 41,413,651  |            |                 | 0     |
| TOTAL STATE + FEDERAL LIHTC AMOUNTS - 10 YEARS   |            |                 |             |            |                 |       |
| Total Federal + State  |            | 41,413,651      |             |            |                 |       |
| General Partner Share  | 0.01%      | 4,141           |             |            |                 |       |
| Limited Partner Share  | 99.99%     | 41,409,509      |             |            |                 |       |

| *APPLICABLE FRACTION  |                    |          |                |          |
|---|--------------------|----------|----------------|----------|
|   | Number of<br>Units | Fraction | Total<br>Sq Ft | Fraction |
| Tax Credit  | 260                | 100.00%  | 279,044        | 100.00%  |
| Non-Tax Credit Eligible   | 0                  | 0.00%    | 0              | 0.00%    |
| TOTAL   | 260                | 100.00%  | 279,044        | 100.00%  |
| APPLICABLE FRACTION<br>(Lesser of Low Income<br>Units or Sq Ft %) |                    |          |                |          |
| 100.0000%   |                    |          |                |          |

|  |               |                  |
|--|---------------|------------------|
| <b>INCOME:</b>                                 |               |                  |
| Scheduled Gross Income - Residential           |               | 3,658,200        |
| Section 8 PBA (Incremental Income)             |               | 2,517,000        |
| Misc. Income (Fin'l/Misc)                      |               | 0                |
| Misc. Income (Laundry)                         |               | 40,000           |
| Vacancy Loss - Residential                     | 5.00%         | (182,910)        |
| Vacancy Loss - Section 8                       | 5.00%         | (125,850)        |
| <b>EFFECTIVE GROSS INCOME</b>                  |               | <b>5,906,440</b> |
| <b>EXPENSES - RESIDENTIAL</b>                  |               |                  |
| <i>Administrative</i>                          |               |                  |
| Advertising                                    | 0             |                  |
| Legal  | 1,350         |                  |
| Accounting/Audit                               | 39,268        |                  |
| Security                                       | 42,945        |                  |
| Misc. Admin                                    | 36,887        |                  |
| <i>Total Administrative</i>                    |               | 120,450          |
| <i>Management Fee</i>                          |               | 123,694          |
| <i>Utilities</i>                               |               |                  |
| Fuel   | 0             |                  |
| Electricity                                    | 188,949       |                  |
| Gas  | 48,465        |                  |
| <u>Utilities</u>                               | <u>0</u>      |                  |
| <i>Total Utilities</i>                         |               | 237,414          |
| <i>Water/Sewer</i>                             |               | 266,730          |
| <i>Payroll/Payroll Taxes</i>                   |               |                  |
| On-Site Manager/Office/Maintenance Salaries    | 134,209       |                  |
| Maintenance Payroll                            | 120,609       |                  |
| Manager/Maint Unit Expense/(Credit)            | 0             |                  |
| <u>Payroll Taxes/Benefits</u>                  | <u>84,792</u> |                  |
| <i>Total Payroll/Payroll Taxes</i>             |               | 339,610          |
| <i>Insurance</i>                               |               | 60,996           |
| <i>Real Estate Taxes</i>                       |               | 7,002            |
| <i>Maintenance</i>                             |               |                  |
| Painting                                       | 0             |                  |
| Repairs  | 125,427       |                  |
| Trash Removal                                  | 22,924        |                  |
| Exterminating                                  | 0             |                  |
| Grounds  | 0             |                  |
| Elevator                                       | 0             |                  |
| <u>Janitorial</u>                              | <u>0</u>      |                  |
| <i>Total Maintenance</i>                       |               | 148,351          |
| <i>Replacement Reserve</i>                     |               | 99,298           |
| <i>Other</i>                                   |               |                  |
| <u>Service Coordinator</u>                     | 69,080        |                  |
| <u>Misc. Tax/License</u>                       | 8,086         |                  |
|  | 0             |                  |
|  | 0             |                  |
| <i>Total Other</i>                             |               | 77,166           |
| <b>TOTAL EXPENSES - RESIDENTIAL</b>            |               | <b>1,480,711</b> |
| <i>Per Unit Per Month (incl. Reserves)</i>     | 5,652         |                  |
| <i>Per Unit Per Month (w/o taxes/res/svc))</i> | 4,982         |                  |
| <i>TCAC Minimum (w/o taxes/res/svc)</i>        | 4,600         |                  |
| <b>NET AVAILABLE INCOME</b>                    |               | <b>4,425,729</b> |
| Debt Service Coverage Ratio                    |               | 1.20             |
| <b>AVAILABLE FOR DEBT SERVICE</b>              |               | <b>3,688,108</b> |

LOAN 1

Financing Type: Tax-Exempt Perm Loan (Direct Placement)

|                       | Underwriting<br>Constraint | Maximum<br>Loan Amount |
|-----------------------|----------------------------|------------------------|
| Debt Service Coverage | 1.20                       | 59,591,600             |
| Loan-to-Value         | 85.0%                      | 87,385,192             |
| Lender Commitment     |                            | NA                     |
| MAXIMUM MORTGAGE      |                            | 59,591,600             |

| LOAN CONSTANT/TIC CALCULATION     |           |          |           |
|-----------------------------------|-----------|----------|-----------|
|                                   | FHA/CONV. | SERIES A | SERIES B  |
| Bond/Loan Rate                    | 7.00000%  | 5.16000% | 0.00000%  |
| Term (Yr)                         | 35.00     | 35.00    | 10.00     |
| LOC Fee                           | 0.00000%  | 0.00000% | 0.00000%  |
| GNMA/Servicing                    | 0.00000%  | 0.00000% | 0.00000%  |
| Annual Issuer Fee                 | 0.00000%  | 0.05000% | 0.00000%  |
| Other Annual Bond Fees            | 0.00000%  | 0.00000% | 0.00000%  |
| Amort (P&I)                       | 0.66628%  | 1.01925% | 10.00000% |
| Loan Constant                     | 7.66628%  | 6.22925% | 10.00000% |
| Imputed Total Interest Cost (TIC) | 7.00000%  | 5.22464% | 0.00000%  |

BOND/REHABILITATION RATIOS

| Tax-Exempt Financing Ratio    |             |
|-------------------------------|-------------|
| Series A Bonds                | 0           |
| Series B Bonds                | 0           |
| Tax-Exempt Construction Loan  | 99,946,756  |
| Tax-Exempt Bridge Loan        | 0           |
| TOTAL TAX-EXEMPT FINANCING    | 99,946,756  |
| TOTAL BASIS + LAND ALLOCATION | 121,768,260 |
| Percent Tax-Exempt Financing  | 82.08%      |

VISTA TERRACE  
LEASE-UP/PLACED-IN-SERVICE SCHEDULE

Version: CDLAC/TCAC Version

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Revised: 24-Mar-16

| Schedule              |          |
|-----------------------|----------|
| Start of Construction | 08/01/16 |
| Completion            | 08/01/17 |
| 100% Occupancy        | 10/01/17 |
| Conversion            | 02/01/18 |
| Receipt of 8609       | 07/01/18 |

| LIHTC LEASE-UP SCHEDULE          |           |         |
|----------------------------------|-----------|---------|
| Lease-Up Start (Year):           |           | 2016    |
| Completed Lease Up by Month      |           |         |
| Month                            | No. Units | Percent |
| Jan-16                           | 0         | 0.0%    |
| Feb-16                           | 0         | 0.0%    |
| Mar-16                           | 0         | 0.0%    |
| Apr-16                           | 0         | 0.0%    |
| May-16                           | 0         | 0.0%    |
| Jun-16                           | 0         | 0.0%    |
| Jul-16                           | 0         | 0.0%    |
| Aug-16                           | 0         | 0.0%    |
| Sep-16                           | 0         | 0.0%    |
| Oct-16                           | 0         | 0.0%    |
| Nov-16                           | 0         | 0.0%    |
| Dec-16                           | 0         | 0.0%    |
| TOTAL                            | 0         | 0.0%    |
| Total % Qual. Occ. in First Year |           | 0.0%    |
| YEAR 2 (cumulative)              |           |         |
| Jan-17                           | 0         | 0.0%    |
| Feb-17                           | 0         | 0.0%    |
| Mar-17                           | 0         | 0.0%    |
| Apr-17                           | 260       | 100.0%  |
| May-17                           | 0         | 0.0%    |
| Jun-17                           | 0         | 0.0%    |
| Jul-17                           | 0         | 0.0%    |
| Aug-17                           | 0         | 0.0%    |
| Sep-17                           | 0         | 0.0%    |
| Oct-17                           | 0         | 0.0%    |
| Nov-17                           | 0         | 0.0%    |
| Dec-17                           | 0         | 0.0%    |
| TOTAL                            | 260       | 100.0%  |
| Total Avg % Qual. Occ. Y2        |           | 75.0%   |

| REHAB COMPLETION SCHEDULE |              |           |         |
|---------------------------|--------------|-----------|---------|
|                           |              |           | 2016    |
| Bldg. PIS by Month        |              |           |         |
| Month                     | Building No. | No. Units | Percent |
| Jan-16                    | 0            | 0         | 0.0%    |
| Feb-16                    | 0            | 0         | 0.0%    |
| Mar-16                    | 0            | 0         | 0.0%    |
| Apr-16                    | 0            | 0         | 0.0%    |
| May-16                    | 0            | 0         | 0.0%    |
| Jun-16                    | 0            | 0         | 0.0%    |
| Jul-16                    | 0            | 0         | 0.0%    |
| Aug-16                    | 1            | 0         | 0.0%    |
| Sep-16                    | 0            | 0         | 0.0%    |
| Oct-16                    | 0            | 0         | 0.0%    |
| Nov-16                    | 0            | 0         | 0.0%    |
| Dec-16                    | 0            | 0         | 0.0%    |
| TOTAL                     |              | 0         | 0.0%    |
| Total % PIS in First Year |              |           | 0.0%    |
| YEAR 2 (cumulative)       |              |           |         |
| Jan-17                    | 0            | 0         | 0.0%    |
| Feb-17                    | 0            | 0         | 0.0%    |
| Mar-17                    | 0            | 0         | 0.0%    |
| Apr-17                    | 0            | 0         | 0.0%    |
| May-17                    | 0            | 0         | 0.0%    |
| Jun-17                    | 0            | 0         | 0.0%    |
| Jul-17                    | 0            | 0         | 0.0%    |
| Aug-17                    | 0            | 262       | 100.0%  |
| Sep-17                    | 0            | 0         | 0.0%    |
| Oct-17                    | 0            | 0         | 0.0%    |
| Nov-17                    | 0            | 0         | 0.0%    |
| Dec-17                    | 0            | 0         | 0.0%    |
| TOTAL                     |              | 262       | 100.0%  |
| Total Avg % PIS Y2        |              |           | 41.7%   |

| OPERATIONS SCHEDULE             |           |         |
|---------------------------------|-----------|---------|
|                                 |           | 2016    |
| Completed Lease Up by Month     |           |         |
| Month                           | No. Units | Percent |
| Jan-16                          | 0         | 0.0%    |
| Feb-16                          | 0         | 0.0%    |
| Mar-16                          | 0         | 0.0%    |
| Apr-16                          | 0         | 0.0%    |
| May-16                          | 0         | 0.0%    |
| Jun-16                          | 0         | 0.0%    |
| Jul-16                          | 0         | 0.0%    |
| Aug-16                          | 262       | 100.0%  |
| Sep-16                          | 0         | 0.0%    |
| Oct-16                          | 0         | 0.0%    |
| Nov-16                          | 0         | 0.0%    |
| Dec-16                          | 0         | 0.0%    |
| TOTAL                           | 262       | 100.0%  |
| Total % Operating in First Year |           | 41.7%   |
| YEAR 2 (cumulative)             |           |         |
| Jan-17                          | 262       | 100.0%  |
| Feb-17                          | 0         | 0.0%    |
| Mar-17                          | 0         | 0.0%    |
| Apr-17                          | 0         | 0.0%    |
| May-17                          | 0         | 0.0%    |
| Jun-17                          | 0         | 0.0%    |
| Jul-17                          | 0         | 0.0%    |
| Aug-17                          | 0         | 0.0%    |
| Sep-17                          | 0         | 0.0%    |
| Oct-17                          | 0         | 0.0%    |
| Nov-17                          | 0         | 0.0%    |
| Dec-17                          | 0         | 0.0%    |
| TOTAL                           | 262       | 100.0%  |
| Total % Operating in 2nd Year   |           | 100.0%  |

| CALCULATION OF SYNDICATION COSTS                       |                           |                   |  |
|--|---------------------------|-------------------|--|
| Total Federal Credit (10 yr) & State Credit            | 41,413,651                |                   |  |
| Gross Proceeds (Total)                                 | 48,039,835                |                   |  |
| Gross Proceeds (net of bridge int/fees)                | 48,039,835                |                   |  |
| Less   |                           | Comments          |  |
| Upper Tier Costs                                       |                           |                   |  |
| Attorney   | 12,061                    |                   |  |
| Accountant   | 20,000                    |                   |  |
| Consulting   | 0                         |                   |  |
| Broker   |                           |                   |  |
| Bridge Loan Fee  | 0                         |                   |  |
| Syndicator   | 0                         |                   |  |
| Other  |                           |                   |  |
| Total Syndication Costs                                | 32,061                    |                   |  |
| Total Syndication Costs/Gross Proceeds                 | 0.00 % (Syndication Load) |                   |  |
| Net Proceeds   | 48,007,774                |                   |  |
| Net Proceeds/Total Fed and State Credit                | 1.159226                  | tax credit factor |  |
| Gross Proceeds (Total)/Total Fed and State Credit      | 1.1600                    | tax credit factor |  |
| Gross Proceeds (w/o Bridge)/Total Fed and State Credit | 1.1600                    | tax credit factor |  |
| Gross Proceeds - Federal/State Disaggregated           |                           |                   |  |
| Federal  | 1.1600                    | tax credit factor |  |

County: San Diego

9% or 4% credits: 4%

| TCAC BASE LIMITS FOR GEOGRAPHIC REGION |         |         | TCAC BASIS LIMIT FOR THIS PROJECT          |         |                      |            |
|--|---------|---------|--|---------|----------------------|------------|
| Unit Type                              | 9%      | 4%      | Unit Type                                  | # Units | Per Unit Basis Limit | TOTAL      |
| 0 BR                                   | 177,162 | 200,745 | 0 BR                                       | 0       | 200,745              | 0          |
| 1 BR                                   | 204,266 | 231,457 | 1 BR                                       | 0       | 231,457              | 0          |
| 2 BR                                   | 246,400 | 279,200 | 2 BR                                       | 0       | 279,200              | 0          |
| 3 BR                                   | 315,392 | 357,376 | 3 BR                                       | 210     | 357,376              | 75,048,960 |
| 4 BR                                   | 351,366 | 398,139 | 4 BR                                       | 52      | 398,139              | 20,703,228 |
|  |         |         |  | 262     |                      | 95,752,188 |
|  |         |         | <b>Additional Basis Adjustments:</b>       |         |                      |            |
|  |         |         | Local Development Impact Fees              |         |                      |            |
|  |         |         | Boost for Prevailing Wage                  |         |                      |            |
|  |         |         | Boost for Parking beneath Units            |         |                      |            |
|  |         |         | Boost for elevator service                 |         |                      |            |
|  |         |         | BONDS: Boost for units betw. 50% & 36% AMI |         |                      |            |
|  |         |         | BONDS: Boost for units <= 35% AMI          |         |                      |            |
|  |         |         | <b>TOTAL THRESHOLD BASIS LIMIT</b>         |         |                      |            |
|  |         |         | POTENTIAL ELIGIBLE BASIS                   |         |                      |            |
|  |         |         | SURPLUS/DEFICIT                            |         |                      |            |

| ASSUMPTIONS:                              |       |   |            |            |            |            |            |            |            |            |                             |            |            |            |            |            |            |
|---|-------|---|------------|------------|------------|------------|------------|------------|------------|------------|-----------------------------|------------|------------|------------|------------|------------|------------|
| Rent Increase: TCAC Rents                 | 2.00% |   |            |            |            |            |            |            |            |            | Perm Loan - % Debt Svc Yr 1 | 0.0%       |            |            |            |            |            |
| Rent Increase: Sect 8 Rents               | 1.00% |   |            |            |            |            |            |            |            |            | Perm Loan - % Debt Svc Yr 2 | 0.0%       |            |            |            |            |            |
| Expenses Increase:                        | 3.00% |   |            |            |            |            |            |            |            |            | Perm Loan - % Debt Svc Yr 3 | 91.7%      |            |            |            |            |            |
| Reserve Increase:                         | 0.00% |   |            |            |            |            |            |            |            |            |                             |            |            |            |            |            |            |
| Credit Period Year:                       |       | 1                                       | 2          | 3          | 4          | 5          | 6          | 7          | 8          | 9          | 10                          | 11         | 12         | 13         | 14         | 15         | 16         |
|   |       | 2016                                    | 2017       | 2018       | 2019       | 2020       | 2021       | 2022       | 2023       | 2024       | 2025                        | 2026       | 2027       | 2028       | 2029       | 2030       | 2031       |
|   |       | (post rehab rents)                      |            |            |            |            |            |            |            |            |                             |            |            |            |            |            |            |
| GROSS POTENTIAL INCOME - RESIDENTIAL      |       | 1,524,250                               | 3,658,200  | 3,658,200  | 3,731,364  | 3,805,991  | 3,882,111  | 3,959,753  | 4,038,948  | 4,119,727  | 4,202,122                   | 4,286,164  | 4,371,888  | 4,459,325  | 4,548,512  | 4,639,482  | 4,732,272  |
| Section 8 PBA: Incremental Income         |       | 351,130                                 | 887,721    | 2,517,000  | 2,542,170  | 2,567,592  | 2,593,268  | 2,619,200  | 2,645,392  | 2,671,846  | 2,698,565                   | 2,725,550  | 2,752,806  | 2,780,334  | 2,808,137  | 2,836,219  | 2,864,581  |
| Misc. Income (Laundry)                    |       | 16,667                                  | 40,167     | 40,970     | 41,789     | 42,625     | 43,478     | 44,347     | 45,234     | 46,139     | 47,062                      | 48,003     | 48,963     | 49,942     | 50,941     | 51,960     | 52,999     |
| Vacancy Loss - Residential                |       | 5.00%                                   | (77,046)   | (184,918)  | (184,959)  | (188,658)  | (192,431)  | (196,279)  | (200,205)  | (204,209)  | (208,293)                   | (216,708)  | (221,043)  | (225,463)  | (229,973)  | (234,572)  | (239,264)  |
| Vacancy Loss - Section 8                  |       | 5.00%                                   | (17,557)   | (44,386)   | (125,850)  | (127,109)  | (128,380)  | (129,663)  | (130,960)  | (132,270)  | (133,592)                   | (134,928)  | (136,278)  | (137,640)  | (139,017)  | (140,407)  | (141,811)  |
| Vacancy Loss - Rehab Period               |       | 5.00%                                   | (93,769)   | (132,589)  |            |            |            |            |            |            |                             |            |            |            |            |            |            |
| GROSS EFFECTIVE INCOME                    |       | 1,703,675                               | 4,224,194  | 5,905,362  | 5,999,557  | 6,095,398  | 6,192,914  | 6,292,136  | 6,393,096  | 6,495,827  | 6,600,361                   | 6,706,732  | 6,814,974  | 6,925,121  | 7,037,211  | 7,151,278  | 7,267,359  |
| TOTAL EXPENSES                            |       | 575,589                                 | 1,398,681  | 1,440,641  | 1,483,860  | 1,528,376  | 1,574,227  | 1,621,454  | 1,670,098  | 1,720,201  | 1,771,807                   | 1,824,961  | 1,879,710  | 1,936,101  | 1,994,184  | 2,054,010  | 2,115,630  |
| NET OPERATING INCOME                      |       | 1,128,087                               | 2,825,513  | 4,464,720  | 4,515,697  | 4,567,022  | 4,618,686  | 4,670,682  | 4,722,998  | 4,775,626  | 4,828,554                   | 4,881,771  | 4,935,264  | 4,989,020  | 5,043,026  | 5,097,268  | 5,151,729  |
| REPLACEMENT RESERVE                       |       | 0                                       | 0          | 91,023     | 99,298     | 99,298     | 99,298     | 99,298     | 99,298     | 99,298     | 99,298                      | 99,298     | 99,298     | 99,298     | 99,298     | 99,298     | 99,298     |
| NET INCOME AVAILABLE FOR DEBT SERVICE     |       | 1,128,087                               | 2,825,513  | 4,373,697  | 4,416,399  | 4,467,724  | 4,519,388  | 4,571,384  | 4,623,700  | 4,676,328  | 4,729,256                   | 4,782,473  | 4,835,966  | 4,889,722  | 4,943,728  | 4,997,970  | 5,052,431  |
| INCOME FROM OPERATIONS                    |       |   |            |            |            |            |            |            |            |            |                             |            |            |            |            |            |            |
| Income from Operations for Perm Financing |       | 500,000                                 | 2,000,000  | 0          |            |            |            |            |            |            |                             |            |            |            |            |            |            |
| SERIES A PERM LOAN                        |       | Tax-Exempt Perm Loan (Direct Placement) |            |            |            |            |            |            |            |            |                             |            |            |            |            |            |            |
| Principal Balance                         |       | 59,591,600                              | 59,591,600 | 59,591,600 | 59,022,701 | 58,370,680 | 57,684,208 | 56,961,464 | 56,200,531 | 55,399,393 | 54,555,924                  | 53,667,888 | 52,732,929 | 51,748,570 | 50,712,198 | 49,621,067 | 48,472,283 |
| Annual Issuer Fee                         |       | 0.050%                                  | 0          | 0          | 27,313     | 29,511     | 29,185     | 28,842     | 28,481     | 28,100     | 27,700                      | 27,278     | 26,834     | 26,366     | 25,874     | 25,356     | 24,811     |
| Series A Bond P&I                         |       |   | 0          | 0          | 3,375,456  | 3,682,315  | 3,682,315  | 3,682,315  | 3,682,315  | 3,682,315  | 3,682,315                   | 3,682,315  | 3,682,315  | 3,682,315  | 3,682,315  | 3,682,315  | 3,682,315  |
| Interest Payment                          |       |   | 0          | 0          | 2,806,556  | 3,030,294  | 2,995,843  | 2,959,571  | 2,921,383  | 2,881,177  | 2,838,846                   | 2,794,279  | 2,747,357  | 2,697,955  | 2,645,944  | 2,591,184  | 2,533,531  |
| Principal Payment                         |       |   | 0          | 0          | 568,899    | 652,021    | 686,472    | 722,744    | 760,932    | 801,139    | 843,469                     | 888,036    | 934,958    | 984,360    | 1,036,371  | 1,091,131  | 1,148,784  |
| NET CASH FLOW                             |       | 628,087                                 | 825,513    | 970,929    | 704,572    | 756,223    | 808,231    | 860,588    | 913,285    | 966,313    | 1,019,663                   | 1,073,324  | 1,127,284  | 1,181,533  | 1,236,057  | 1,290,844  | 1,345,880  |
| Debt Service Coverage Ratio               |       | NA                                      | NA         | 1.29       | 1.19       | 1.20       | 1.22       | 1.23       | 1.25       | 1.26       | 1.27                        | 1.29       | 1.30       | 1.32       | 1.33       | 1.35       | 1.36       |
| DISTRIBUTION OF CASH FLOW                 |       |   |            |            |            |            |            |            |            |            |                             |            |            |            |            |            |            |
| LP Asset Management Fee                   |       | Annual Amt: 6,550                       | 0          | 2,729      | 6,747      | 6,949      | 7,157      | 7,372      | 7,593      | 7,821      | 8,056                       | 8,297      | 8,546      | 8,803      | 9,067      | 9,339      | 9,619      |
| Deferred Developer Fee                    |       |   | 628,087    | 822,784    | 964,182    | 697,624    | 749,066    | 800,859    | 852,994    | 905,464    | 958,258                     | 1,011,366  | 1,064,777  | 1,118,481  | 303,527    | 0          | 0          |
| GP Partnership Management Fee - Current   |       | Annual Amt: 25,000                      | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0                           | 0          | 0          | 0          | 31,722     | 32,674     | 33,654     |
| GP Partnership Management Fee - Deferred  |       | Inflator: 3.00%                         | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0                           | 0          | 0          | 0          | 270,595    | 0          | 0          |
| Residual Receipts Loans                   |       |   |            |            |            |            |            |            |            |            |                             |            |            |            |            |            |            |
| Seller Carryback                          |       |   | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0                           | 0          | 0          | 566,622    | 1,194,045  | 1,247,571  | 1,301,309  |
| General Partner                           |       | 0.01%                                   | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0                           | 0          | 0          | 0          | 0          | 0          | 0          |
| Limited Partner                           |       | 99.99%                                  | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0                           | 0          | 0          | 0          | 0          | 0          | 0          |

| ASSUMPTIONS:                              |             |                  |                  |           |                    |                    |                      |           |           |                   |           |           |           |           |           |           |           |           |
|---|-------------|------------------|------------------|-----------|--------------------|--------------------|----------------------|-----------|-----------|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Depreciation:                             |             |                  | Bldg-Residential |           | Bldg-Commercial    |                    | Site Improvements    |           |           | Personal Property |           |           |           |           |           |           |           |           |
|   |             |                  | General Ptr      | 0.0%      | 40.0 straight line | 40.0 straight line | 0.0% 20 Yr SL        |           |           | 0.0% 9 Yr SL      |           |           |           |           |           |           |           |           |
|   |             |                  | Limited Ptr      | 100.0%    | 27.5 straight line | 27.5 straight line | 100.0% 15 Yr 150% DB |           |           | 100.0% 5 Yr DDB   |           |           |           |           |           |           |           |           |
| Credit Period Year:                       |             |                  | 1                | 2         | 3                  | 4                  | 5                    | 6         | 7         | 8                 | 9         | 10        | 11        | 12        | 13        | 14        | 15        | 16        |
| AMOUNT                                    |             |                  | 2016             | 2017      | 2018               | 2019               | 2020                 | 2021      | 2022      | 2023              | 2024      | 2025      | 2026      | 2027      | 2028      | 2029      | 2030      | 2031      |
| <b>DEPRECIATION SCHEDULE</b>              |             |                  |                  |           |                    |                    |                      |           |           |                   |           |           |           |           |           |           |           |           |
| 40 years straight line - Res - Building   | 0           |                  | 0                | 0         | 0                  | 0                  | 0                    | 0         | 0         | 0                 | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| 27.5 year straight line - Res - Building  | 72,829,401  |                  | 1,103,476        | 2,648,342 | 2,648,342          | 2,648,342          | 2,648,342            | 2,648,342 | 2,648,342 | 2,648,342         | 2,648,342 | 2,648,342 | 2,648,342 | 2,648,342 | 2,648,342 | 2,648,342 | 2,648,342 | 2,648,342 |
| 40 years straight line - Res - Rehab      | 0           |                  | 0                | 0         | 0                  | 0                  | 0                    | 0         | 0         | 0                 | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| 27.5 year straight line - Res - Rehab     | 41,535,859  |                  | 0                | 629,331   | 1,510,395          | 1,510,395          | 1,510,395            | 1,510,395 | 1,510,395 | 1,510,395         | 1,510,395 | 1,510,395 | 1,510,395 | 1,510,395 | 1,510,395 | 1,510,395 | 1,510,395 | 1,510,395 |
| Site Improvements (20 yr SL.)             | 0           |                  | 0                | 0         | 0                  | 0                  | 0                    | 0         | 0         | 0                 | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| Site Improvements (15 yr 150% decl. bal.) | 0           |                  | 0                | 0         | 0                  | 0                  | 0                    | 0         | 0         | 0                 | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| Personal Property (9 yr SL)               | 0           |                  | 0                | 0         | 0                  | 0                  | 0                    | 0         | 0         | 0                 | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| Personal property (5 yr d/d bal.)         | 462,000     |                  | 0                | 184,800   | 110,880            | 55,440             | 55,440               | 55,440    | 0         | 0                 | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| SUBTOTAL                                  | 114,827,260 |                  | 1,103,476        | 3,462,473 | 4,269,617          | 4,214,177          | 4,214,177            | 4,214,177 | 4,158,737 | 4,158,737         | 4,158,737 | 4,158,737 | 4,158,737 | 4,158,737 | 4,158,737 | 4,158,737 | 4,158,737 | 4,158,737 |
| check                                     |             |                  | 114,827,260      |           |                    |                    |                      |           |           |                   |           |           |           |           |           |           |           |           |
| <b>AMORTIZATION SCHEDULE</b>              |             |                  |                  |           |                    |                    |                      |           |           |                   |           |           |           |           |           |           |           |           |
| TCAC Application/Res/Monitoring Fee       | 150,834     |                  | 0                | 11,313    | 15,083             | 15,083             | 15,083               | 15,083    | 15,083    | 15,083            | 15,083    | 15,083    | 15,083    | 3,771     | 0         | 0         | 0         | 0         |
| Bond/Borrower Counsel                     | 75,000      |                  | 0                | 2,143     | 2,143              | 2,143              | 2,143                | 2,143     | 2,143     | 2,143             | 2,143     | 2,143     | 2,143     | 2,143     | 2,143     | 2,143     | 2,143     | 2,143     |
| Issuer Fees/Expenses/Counsel              | 172,433     |                  | 0                | 3,135     | 3,135              | 3,135              | 3,135                | 3,135     | 3,135     | 3,135             | 3,135     | 3,135     | 3,135     | 3,135     | 3,135     | 3,135     | 3,135     | 3,135     |
| Lender Origination Fee/Expenses/Counsel   | 22,500      |                  | 0                | 0         | 643                | 643                | 643                  | 643       | 643       | 643               | 643       | 643       | 643       | 643       | 643       | 643       | 643       | 643       |
| CDLAC/CDIAC                               | 38,981      |                  | 0                | 1,114     | 1,114              | 1,114              | 1,114                | 1,114     | 1,114     | 1,114             | 1,114     | 1,114     | 1,114     | 1,114     | 1,114     | 1,114     | 1,114     | 1,114     |
| Title/Recording/Escrow - Permanent        | 55,000      |                  | 0                | 0         | 1,833              | 1,833              | 1,833                | 1,833     | 1,833     | 1,833             | 1,833     | 1,833     | 1,833     | 1,833     | 1,833     | 1,833     | 1,833     | 1,833     |
| Legal: Permanent Closing                  | 10,000      |                  | 0                | 0         | 333                | 333                | 333                  | 333       | 333       | 333               | 333       | 333       | 333       | 333       | 333       | 333       | 333       | 333       |
| COI                                       | 10,000      |                  | 0                | 333       | 333                | 333                | 333                  | 333       | 333       | 333               | 333       | 333       | 333       | 333       | 333       | 333       | 333       | 333       |
| Market Study (TCAC)                       | 10,000      |                  | 0                | 1,000     | 1,000              | 1,000              | 1,000                | 1,000     | 1,000     | 1,000             | 1,000     | 1,000     | 1,000     | 0         |           |           |           |           |
| Legal: Organization of Partnership        | 4,000       |                  | 4,000            | 0         | 0                  | 0                  | 0                    | 0         |           |                   |           |           |           |           |           |           |           |           |
| SUBTOTAL                                  | 548,748     |                  | 4,000            | 19,038    | 25,618             | 25,618             | 25,618               | 25,618    | 25,618    | 25,618            | 25,618    | 25,618    | 25,618    | 13,305    | 9,535     | 9,535     | 9,535     | 9,535     |
| check                                     |             |                  | 548,748          |           |                    |                    |                      |           |           |                   |           |           |           |           |           |           |           |           |
| <b>COSTS EXPENSED</b>                     |             |                  |                  |           |                    |                    |                      |           |           |                   |           |           |           |           |           |           |           |           |
| Audit/Cost Certification                  | 20,000      |                  |                  | 20,000    |                    |                    |                      |           |           |                   |           |           |           |           |           |           |           |           |
| Rent-up/Marketing                         | 50,000      |                  |                  | 50,000    |                    |                    |                      |           |           |                   |           |           |           |           |           |           |           |           |
| Lender Origination/Expenses/Counsel       | 440,442     |                  | 440,442          |           |                    |                    |                      |           |           |                   |           |           |           |           |           |           |           |           |
| GP Incentive Management Fee               | 0           |                  | 0                | 0         | 0                  | 0                  | 0                    | 0         | 0         | 0                 | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| Partnership Management (Accrual)          | 0           |                  | 0                | 0         | 23,604             | 24,312             | 25,042               | 25,793    | 26,567    | 27,364            | 28,185    | 29,030    | 29,901    | 30,798    | 31,722    | 32,674    | 33,654    | 34,664    |
| LP Asset Management Fee                   |             |                  | 0                | 2,729     | 6,747              | 6,949              | 7,157                | 7,372     | 7,593     | 7,821             | 8,056     | 8,297     | 8,546     | 8,803     | 9,067     | 9,339     | 9,619     | 9,907     |
| Letter of Credit Fee                      |             |                  | 0                | 0         | 0                  | 0                  | 0                    | 0         | 0         | 0                 | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| GNMA Servicing Fee                        |             |                  | 0                | 0         | 0                  | 0                  | 0                    | 0         | 0         | 0                 | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| Annual Issuer Fee                         |             |                  | 0                | 0         | 27,313             | 29,511             | 29,185               | 28,842    | 28,481    | 28,100            | 27,700    | 27,278    | 26,834    | 26,366    | 25,874    | 25,356    | 24,811    | 24,236    |
| SUBTOTAL                                  | 510,442     |                  | 440,442          | 72,729    | 57,663             | 60,773             | 61,384               | 62,007    | 62,641    | 63,285            | 63,940    | 64,605    | 65,281    | 65,967    | 66,663    | 67,369    | 68,083    | 68,807    |
| <b>INTEREST PAYMENT SCHEDULE</b>          |             |                  |                  |           |                    |                    |                      |           |           |                   |           |           |           |           |           |           |           |           |
| Interest - Tranche A                      |             |                  | 0                | 0         | 2,806,556          | 3,030,294          | 2,995,843            | 2,959,571 | 2,921,383 | 2,881,177         | 2,838,846 | 2,794,279 | 2,747,357 | 2,697,955 | 2,645,944 | 2,591,184 | 2,533,531 | 2,472,831 |
| Interest - Soft Second # 1                |             | Seller Carryback | 304,020          | 206,058   | 214,300            | 222,873            | 231,787              | 241,059   | 250,701   | 260,729           | 271,158   | 282,005   | 293,285   | 305,016   | 317,217   | 307,241   | 271,769   | 232,737   |
| Interest- Expensed Constr. Loan Interest  |             |                  | 546,584          | 1,639,751 | 0                  | 0                  | 0                    | 0         | 0         | 0                 | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| SUBTOTAL                                  |             |                  | 850,604          | 1,845,810 | 3,020,857          | 3,253,167          | 3,227,630            | 3,200,630 | 3,172,084 | 3,141,906         | 3,110,005 | 3,076,284 | 3,040,642 | 3,002,972 | 2,963,161 | 2,898,425 | 2,805,300 | 2,705,568 |
| <b>TOTAL DEDUCTIONS</b>                   |             |                  |                  | 2,398,522 | 5,400,049          | 7,373,755          | 7,553,734            | 7,528,809 | 7,502,432 | 7,419,079         | 7,389,546 | 7,358,299 | 7,325,244 | 7,290,278 | 7,240,981 | 7,198,095 | 7,134,065 | 6,942,647 |

|                                       |        |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
|---------------------------------------|--------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| ASSUMPTIONS:                          |        |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Marginal Tax Rate - Federal           | 35.0%  |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Marginal Tax Rate - State             | 0.0%   |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Effective Combined Marginal Tax Rate  | 35.0%  |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Credit Period Year:                   |        | 1           | 2           | 3           | 4           | 5           | 6           | 7           | 8           | 9           | 10          | 11          | 12          | 13          | 14          | 15          | 16          |
|                                       |        | 2016        | 2017        | 2018        | 2019        | 2020        | 2021        | 2022        | 2023        | 2024        | 2025        | 2026        | 2027        | 2028        | 2029        | 2030        | 2031        |
| LOSSES                                |        |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Net Operating Income                  |        | 1,128,087   | 2,825,513   | 4,464,720   | 4,515,697   | 4,567,022   | 4,618,686   | 4,670,682   | 4,722,998   | 4,775,626   | 4,828,554   | 4,881,771   | 4,935,264   | 4,989,020   | 5,043,026   | 5,097,268   | 5,151,729   |
| Total Deductions                      |        | 2,398,522   | 5,400,049   | 7,373,755   | 7,553,734   | 7,528,809   | 7,502,432   | 7,419,079   | 7,389,546   | 7,358,299   | 7,325,244   | 7,290,278   | 7,240,981   | 7,198,095   | 7,134,065   | 7,041,654   | 6,942,647   |
| Total Taxable Income (Loss)           |        | (1,270,435) | (2,574,536) | (2,909,035) | (3,038,037) | (2,961,788) | (2,883,746) | (2,748,398) | (2,666,547) | (2,582,673) | (2,496,690) | (2,408,507) | (2,305,718) | (2,209,075) | (2,091,038) | (1,944,386) | (1,790,917) |
| AFTER TAX VALUE OF LOSSES             |        |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Allowable Losses (adj. for min. gain) |        | (1,270,435) | (2,574,536) | (2,909,035) | (3,038,037) | (2,961,788) | (2,883,746) | (2,748,398) | (2,666,547) | (2,582,673) | (2,496,690) | (2,408,507) | (2,305,718) | (2,209,075) | (2,091,038) | (1,944,386) | 0           |
| After Tax Value of Losses             | 35.0%  | 444,652     | 901,088     | 1,018,162   | 1,063,313   | 1,036,626   | 1,009,311   | 961,939     | 933,292     | 903,936     | 873,841     | 842,977     | 807,001     | 773,176     | 731,863     | 680,535     | 0           |
| General Partner Share                 | 0.01%  | 44          | 90          | 102         | 106         | 104         | 101         | 96          | 93          | 90          | 87          | 84          | 81          | 77          | 73          | 68          | 0           |
| Limited Partner Share                 | 99.99% | 444,608     | 900,998     | 1,018,060   | 1,063,207   | 1,036,522   | 1,009,210   | 961,843     | 933,198     | 903,845     | 873,754     | 842,893     | 806,920     | 773,099     | 731,790     | 680,467     | 0           |
|                                       |        | 99.99%      | 99.99%      | 99.99%      | 99.99%      | 99.99%      | 99.99%      | 99.99%      | 99.99%      | 99.99%      | 99.99%      | 99.99%      | 99.99%      | 99.99%      | 99.99%      | 99.99%      | 99.99%      |
| YEAR 12 LOSSES                        |        |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| GP SHARE:                             | 0.01%  |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| LP SHARE:                             | 99.99% |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| TAX CREDITS                           |        |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Fed Tax Credits-Acq - Credit Year 1   | 100.0% | 0           | 1,775,217   | 2,366,956   | 2,366,956   | 2,366,956   | 2,366,956   | 2,366,956   | 2,366,956   | 2,366,956   | 2,366,956   | 2,366,956   | 591,739     |             |             |             |             |
| Fed Tax Credits-Rehab- Credit Year 1  | 100.0% | 0           | 1,330,807   | 1,774,410   | 1,774,410   | 1,774,410   | 1,774,410   | 1,774,410   | 1,774,410   | 1,774,410   | 1,774,410   | 1,774,410   | 443,602     |             |             |             |             |
| TOTAL TAX CREDITS                     |        | 0           | 3,106,024   | 4,141,365   | 4,141,365   | 4,141,365   | 4,141,365   | 4,141,365   | 4,141,365   | 4,141,365   | 4,141,365   | 4,141,365   | 1,035,341   | 0           | 0           | 0           | 0           |
| General Partner Share                 | 0.01%  | 0           | 311         | 414         | 414         | 414         | 414         | 414         | 414         | 414         | 414         | 414         | 104         | 0           | 0           | 0           | 0           |
| Limited Partner Share                 | 99.99% | 0           | 3,105,713   | 4,140,951   | 4,140,951   | 4,140,951   | 4,140,951   | 4,140,951   | 4,140,951   | 4,140,951   | 4,140,951   | 4,140,951   | 1,035,238   | 0           | 0           | 0           | 0           |
| TOTAL AFTER TAX BENEFITS              |        | 444,652     | 4,007,111   | 5,159,527   | 5,204,678   | 5,177,991   | 5,150,676   | 5,103,304   | 5,074,657   | 5,045,301   | 5,015,206   | 4,984,343   | 1,842,342   | 773,176     | 731,863     | 680,535     | 0           |
| General Partner Share                 | 0.01%  | 44          | 401         | 516         | 520         | 518         | 515         | 510         | 507         | 505         | 502         | 498         | 184         | 77          | 73          | 68          | 0           |
| Limited Partner Share                 | 99.99% | 444,608     | 4,006,711   | 5,159,011   | 5,204,158   | 5,177,473   | 5,150,161   | 5,102,794   | 5,074,149   | 5,044,796   | 5,014,705   | 4,983,844   | 1,842,158   | 773,099     | 731,790     | 680,467     | 0           |

| Credit Period Year:                                       |        | 1           | 2           | 3           | 4           | 5           | 6           | 7           | 8           | 9           | 10          | 11          | 12          | 13          | 14          | 15          | 16          |
|---|--------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   |        | 2016        | 2017        | 2018        | 2019        | 2020        | 2021        | 2022        | 2023        | 2024        | 2025        | 2026        | 2027        | 2028        | 2029        | 2030        | 2031        |
| LIMITED PARTNER SHARE                                     |        |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Adjusted Basis @ 99.99%                                   |        | 120,654,201 | 117,192,074 | 112,922,885 | 108,709,129 | 104,495,374 | 100,281,619 | 96,123,298  | 91,964,977  | 87,806,656  | 83,648,335  | 79,490,014  | 75,331,694  | 71,173,373  | 67,015,052  | 62,856,731  | 58,698,410  |
| Outstanding Nonrecourse Debt @ 99.99% (excl. Seller Loan) |        | 59,585,641  | 59,585,641  | 59,016,798  | 58,364,843  | 57,678,439  | 56,955,768  | 56,194,911  | 55,393,853  | 54,550,468  | 53,662,521  | 52,727,656  | 51,743,395  | 50,707,127  | 49,616,105  | 48,467,436  | 47,258,073  |
| Minimum Gain  |        | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| CAPITAL ACCOUNT   |        |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Beg. of Yr Capital Account Balance                        |        | 0           | 3,533,675   | 959,396     | 41,286,504  | 38,248,771  | 35,287,279  | 32,403,822  | 29,655,699  | 26,989,418  | 24,407,003  | 21,910,563  | 19,502,297  | 17,196,810  | 14,987,956  | 12,897,126  | 10,952,934  |
| Capital Contributions                                     |        | 4,803,983   | 0           | 43,235,851  | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| Annual Losses @ 99.99%                                    |        | (1,270,308) | (2,574,279) | (2,908,744) | (3,037,733) | (2,961,492) | (2,883,457) | (2,748,123) | (2,666,281) | (2,582,415) | (2,496,440) | (2,408,266) | (2,305,487) | (2,208,854) | (2,090,829) | (1,944,192) | (1,790,738) |
| Allowable Losses (to extent of minimum gain)              |        | (1,270,308) | (2,574,279) | (2,908,744) | (3,037,733) | (2,961,492) | (2,883,457) | (2,748,123) | (2,666,281) | (2,582,415) | (2,496,440) | (2,408,266) | (2,305,487) | (2,208,854) | (2,090,829) | (1,944,192) | 0           |
| Cash Flow   |        | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| (cap acct before min gain adjustment)                     |        | 3,533,675   | 959,396     | 41,286,504  | 38,248,771  | 35,287,279  | 32,403,822  | 29,655,699  | 26,989,418  | 24,407,003  | 21,910,563  | 19,502,297  | 17,196,810  | 14,987,956  | 12,897,126  | 10,952,934  | 9,162,196   |
| End of Year Capital Account Balance                       |        | 3,533,675   | 959,396     | 41,286,504  | 38,248,771  | 35,287,279  | 32,403,822  | 29,655,699  | 26,989,418  | 24,407,003  | 21,910,563  | 19,502,297  | 17,196,810  | 14,987,956  | 12,897,126  | 10,952,934  | 10,952,934  |
| Marginal Tax Rate   | 35.0%  |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Tax Benefit/(Liability) on Sale @ \$1                     |        | 1,236,786   | 335,789     | 14,450,276  | 13,387,070  | 12,350,548  | 11,341,338  | 10,379,495  | 9,446,296   | 8,542,451   | 7,668,697   | 6,825,804   | 6,018,883   | 5,245,784   | 4,513,994   | 3,833,527   | 3,833,527   |
| Gross-Up Factor (for taxes on gain due to tax payment)    | 65.00% |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Total GP Obligation on Sale: LP Tax Liability + Gross-Up  |        | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |

|                   |      |                               |                                  |   |   |   |                                     |   |
|-------------------|------|-------------------------------|----------------------------------|---|---|---|-------------------------------------|---|
| ASSUMPTIONS:      |      |                               |                                  |   |   |   |                                     |   |
| Marginal Tax Rate |      | 35.0%                         |                                  |   |   |   |                                     |   |
|                   | YEAR | LIMITED<br>PARTNER<br>PAY-INS | AFTER-<br>TAX VALUE<br>OF LOSSES | TOTAL<br>LTD PTR<br>FED TAX<br>CREDITS* | TOTAL<br>LTD PTR<br>CAL. TAX<br>CREDITS | TAX<br>BENEFIT/<br>(LIABILITY)<br>UPON SALE | TOTAL<br>LTD PTR<br>TAX<br>BENEFITS | CUMULATIVE<br>RATIO OF<br>BENEFITS<br>TO LTD PTR<br>PAY-INS |
|                   | 2016 | 4,803,983                     | 444,608                          | 0                                       | 0                                       |   | 444,608                             | 0.09  |
|                   | 2017 | 0                             | 900,998                          | 3,105,713                               | 0                                       |   | 4,006,711                           | 0.93  |
|                   | 2018 | 43,235,851                    | 1,018,060                        | 4,140,951                               | 0                                       |   | 5,159,011                           | 0.20  |
|                   | 2019 | 0                             | 1,063,207                        | 4,140,951                               | 0                                       |   | 5,204,158                           | 0.31  |
|                   | 2020 | 0                             | 1,036,522                        | 4,140,951                               | 0                                       |   | 5,177,473                           | 0.42  |
|                   | 2021 | 0                             | 1,009,210                        | 4,140,951                               |   |   | 5,150,161                           | 0.52  |
|                   | 2022 | 0                             | 961,843                          | 4,140,951                               |   |   | 5,102,794                           | 0.63  |
|                   | 2023 | 0                             | 933,198                          | 4,140,951                               |   |   | 5,074,149                           | 0.74  |
|                   | 2024 |                               | 903,845                          | 4,140,951                               |   |   | 5,044,796                           | 0.84  |
|                   | 2025 |                               | 873,754                          | 4,140,951                               |   |   | 5,014,705                           | 0.94  |
|                   | 2026 |                               | 842,893                          | 4,140,951                               |   |   | 4,983,844                           | 1.05  |
|                   | 2027 |                               | 806,920                          | 1,035,238                               |   |   | 1,842,158                           | 1.09  |
|                   | 2028 |                               | 773,099                          |   |   |   | 773,099                             | 1.10  |
|                   | 2029 |                               | 731,790                          |   |   |   | 731,790                             | 1.12  |
|                   | 2030 |                               | 680,467                          |   |   | 0   | 680,467                             | 1.13  |
|                   | 2031 |                               | 0                                |   |   | 3,833,527                                   | 3,833,527                           | 1.21  |
| TOTAL             |      | 48,039,835                    | 12,980,415                       | 41,409,509                              | 0                                       |   | 58,223,451                          |   |

\*Includes Historic Credit in year placed in service.

| INTERNAL RATE OF RETURN: |             | 4.06%                       |                           |                 |
|--------------------------|-------------|-----------------------------|---------------------------|-----------------|
| YEAR                     | INVESTMENT  | TOTAL<br>QUART.<br>BENEFITS | NET<br>QUART.<br>BENEFITS | THRESHOLD       |
| 2016                     | 0           | 0                           | 0                         |                 |
|                          | 0           | 0                           | 0                         |                 |
|                          | -4,803,983  | 222,304                     | -4,581,680                | LP Admission    |
|                          | 0           | 222,304                     | 222,304                   |                 |
| 2017                     | 0           | 1,001,678                   | 1,001,678                 |                 |
|                          | 0           | 1,001,678                   | 1,001,678                 |                 |
|                          | 0           | 1,001,678                   | 1,001,678                 |                 |
|                          | 0           | 1,001,678                   | 1,001,678                 |                 |
| 2018                     | -42,735,851 | 1,289,753                   | -41,446,098               | Perm Conversion |
|                          | 0           | 1,289,753                   | 1,289,753                 |                 |
|                          | -500,000    | 1,289,753                   | 789,753                   | Form 8609       |
|                          | 0           | 1,289,753                   | 1,289,753                 |                 |
| 2019                     | 0           | 1,301,039                   | 1,301,039                 |                 |
|                          | 0           | 1,301,039                   | 1,301,039                 |                 |
|                          | 0           | 1,301,039                   | 1,301,039                 |                 |
|                          | 0           | 1,301,039                   | 1,301,039                 |                 |
| 2020                     | 0           | 1,294,368                   | 1,294,368                 |                 |
|                          | 0           | 1,294,368                   | 1,294,368                 |                 |
|                          | 0           | 1,294,368                   | 1,294,368                 |                 |
|                          | 0           | 1,294,368                   | 1,294,368                 |                 |
| 2021                     | 0           | 1,287,540                   | 1,287,540                 |                 |
|                          | 0           | 1,287,540                   | 1,287,540                 |                 |
|                          | 0           | 1,287,540                   | 1,287,540                 |                 |
|                          | 0           | 1,287,540                   | 1,287,540                 |                 |
| 2022                     |             | 1,275,698                   | 1,275,698                 |                 |
|                          |             | 1,275,698                   | 1,275,698                 |                 |
|                          |             | 1,275,698                   | 1,275,698                 |                 |
|                          |             | 1,275,698                   | 1,275,698                 |                 |
| 2023                     |             | 1,268,537                   | 1,268,537                 |                 |
|                          |             | 1,268,537                   | 1,268,537                 |                 |
|                          |             | 1,268,537                   | 1,268,537                 |                 |
|                          |             | 1,268,537                   | 1,268,537                 |                 |
| 2024                     |             | 1,261,199                   | 1,261,199                 |                 |
|                          |             | 1,261,199                   | 1,261,199                 |                 |
|                          |             | 1,261,199                   | 1,261,199                 |                 |
|                          |             | 1,261,199                   | 1,261,199                 |                 |
| 2025                     |             | 1,253,676                   | 1,253,676                 |                 |
|                          |             | 1,253,676                   | 1,253,676                 |                 |
|                          |             | 1,253,676                   | 1,253,676                 |                 |
|                          |             | 1,253,676                   | 1,253,676                 |                 |
| 2026                     |             | 1,245,961                   | 1,245,961                 |                 |
|                          |             | 1,245,961                   | 1,245,961                 |                 |
|                          |             | 1,245,961                   | 1,245,961                 |                 |
|                          |             | 1,245,961                   | 1,245,961                 |                 |
| 2027                     |             | 460,540                     | 460,540                   |                 |
|                          |             | 460,540                     | 460,540                   |                 |
|                          |             | 460,540                     | 460,540                   |                 |
|                          |             | 460,540                     | 460,540                   |                 |
| 2028                     |             | 193,275                     | 193,275                   |                 |
|                          |             | 193,275                     | 193,275                   |                 |
|                          |             | 193,275                     | 193,275                   |                 |
|                          |             | 193,275                     | 193,275                   |                 |
| 2029                     |             | 182,948                     | 182,948                   |                 |
|                          |             | 182,948                     | 182,948                   |                 |
|                          |             | 182,948                     | 182,948                   |                 |
|                          |             | 182,948                     | 182,948                   |                 |
| 2030                     |             | 170,117                     | 170,117                   |                 |
|                          |             | 170,117                     | 170,117                   |                 |
|                          |             | 170,117                     | 170,117                   |                 |
|                          |             | 170,117                     | 170,117                   |                 |
| 2031                     |             | 958,382                     | 958,382                   |                 |
|                          |             | 958,382                     | 958,382                   |                 |
|                          |             | 958,382                     | 958,382                   |                 |
|                          |             | 958,382                     | 958,382                   |                 |
|                          | 48,039,835  | 58,223,451                  | 10,183,617                |                 |

San Diego Housing Commission  
**POLICY**

Subject: **MULTIFAMILY MORTGAGE REVENUE BOND PROGRAM**

Number: **PO300.301**

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## **1. SUMMARY**

- 1.1 Federal, state and local legislation authorize the issuance of mortgage revenue bonds by local governments to finance the development, acquisition and rehabilitation of multifamily rental projects. The interest on the bonds can be exempt from federal and state taxation, and provide below market rate financing for qualified project. In addition, the tax-exempt mortgage revenue bonds can qualify projects for allocations of federal low-income housing tax credits, which provide a significant portion of the funding necessary to develop affordable housing. The San Diego Housing Commission ("Housing Commission") has established a program (the "Program") to issue mortgage revenue bonds for qualified rental projects within the City of San Diego (the "City"). The Housing Commission's Program uses tax-exempt and taxable mortgage revenue bonds issued by the Housing Authority of the City of San Diego (the "Housing Authority") to subsidize the development of affordable housing within the City.
- 1.2 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 or the Housing Authority's faith, credit or taxing power and the bonds do not constitute general obligations of the issuer because the security for repayment of bonds is limited to project revenue and other sources specified under each financing. The bond issuances for affordable housing projects are often structured as real estate loans, and the obligation to repay the bonds is secured by a first deed of trust on the bond-financed property. The Program is completely self-supporting; developers must secure funding to pay for costs of issuance of the bonds and all other costs under each financing.
- 1.3 Bonds issued under the program should generally be privately placed with a financial institution or rated "AAA", or its equivalent, with a minimum rating being "A", or its equivalent, by the nationally recognized rating agencies listed in Section 4.1. The bonds may be used for both construction or rehabilitation and permanent financing. The effective mortgage rate is the aggregate of the applicable bond rate and the add-on fees charged under the program, such as lender, trustee, issuer's fee, etc. The bond rate, for fixed rate bonds, is determined at the time of a bond sale and the resulting mortgage rate is typically below conventional mortgage rates. The project loans generally have a 30-year amortization schedule although the bond maturity may be shorter.
- 1.4 The goals of the Program include: increase and preserve the supply of affordable rental housing; encourage economic integration within residential communities; maintain a quality living environment for residents of assisted projects and surrounding properties; and, in the event of provision of public funds towards the project, optimize the effectiveness of Housing Commission, or other public funding by maximizing the leveraging of private sector funds.
- 1.5 There is no limit on the maximum loan amount; however, the minimum loan amount is determined by the overall cost effectiveness of the financing, which includes payment for the costs of issuance, services of the financing team members, rating fees, etc. The bond issuance amount for individual projects is based upon project costs, interest rates, revenues available to pay debt service, and the appraised value of the project. The Housing Authority will consider multiple properties as part of a single bond financing on a case by case basis.

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1.6 Projects must consist of complete rental units, including kitchens and bathrooms. Bond proceeds may be used for costs of property acquisition (up to 25% of bond proceeds), construction, rehabilitation, improvements, architectural and engineering services, construction interest, loan fees and other capital costs of the project incurred after the date sixty days before the bond inducement date specified in Section 7.3. Bond proceeds cannot be used to acquire property from a party related to the buyer. No more than 2% of bond proceeds can be used to finance costs of issuance, such as the services of the financing team members, rating and printing of bonds, bond allocation, etc. Pursuant to federal requirements, if bonds are used for acquisition and rehabilitation, an amount equal to at least 15 percent of the portion of the acquisition cost of the building and related equipment financed with the proceeds of bonds must be used for rehabilitation of the project. The loans are assumable upon transfer of the project with the approval of the credit enhancement provider or bond purchaser, and the President and Chief Executive Officer of the San Diego Housing Commission (the "President and CEO") or his designee.

- 1.7 The Housing Commission receives compensation for its services in preparing bond issuances by charging an up-front administrative fee payable at the bond closing. In addition, the Housing Commission also receives ongoing, annual fees for compliance monitoring of regulatory restrictions and administrative oversight of outstanding bond issuances.
- A. The up-front administrative fee is equal to 25 basis points (0.25%) of the initial amount of bonds issued (or in the case of draw-down bonds [a bond structure with multiple draws over time] the initial maximum authorized amount of bonds), or as allowed by the Internal Revenue Service ("IRS").
  - B. The annual ongoing administrative fee upon conversion to permanent financing is equal to 12.5 basis points (0.125%) of the amount of bonds outstanding immediately upon conversion to permanent financing or as allowed by the IRS. For projects fully paying down the bonds upon conversion to permanent financing, and for small projects, a minimum ongoing annual fee of \$10,000 shall be charged to recover administrative and monitoring costs.
  - C. The annual ongoing administrative fee will remain fixed based on using the amount of bonds outstanding at permanent financing conversion regardless of any later reductions on the outstanding bonds.
  - D. Additional monitoring fees may be charged for monitoring affordable housing units not governed by the Bond Regulatory Agreement or for projects with more than 50 units.
  - E. At the time of the application, the developer must pay a \$3,000 non-refundable application fee to the Housing Commission.

- 1.8 Due to IRS limitations on bond issuances where the bond purchaser and the tax credit investor are the same entities, the Housing Authority shall not allow bond issuances where the tax credit investor is also the bond purchaser. Exceptions may be granted on a case-by-case basis, in the sole reasonable discretion of the Housing Authority's Executive Director.

## 2. TYPES OF BONDS

- 2.1 The Housing Authority may issue either tax-exempt or taxable bonds, or both. Taxable bonds would generally be issued only in combination with tax-exempt bonds. Taxable bonds do not require an allocation of bond authority from the California Debt Limit Allocation Committee ("CDLAC") but still require compliance with state law requirements governing the

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Housing Authority's ability to issue bonds. 2.2 The interest on taxable bonds is not exempt from federal taxation. These bonds are not subject to federal volume "cap" limitations and therefore do not require allocation authority from CDLAC. Taxable bond issues must meet all applicable requirements of this Policy (including rating requirements), state law requirements and any additional regulations that may be promulgated, from time to time, by the Housing Commission.

- 2.3 Tax-Exempt Bonds (Non-Refunding) require an allocation of bond authority from CDLAC. To obtain the allocation, the Housing Authority must submit an application to CDLAC on behalf of the developer. Submittal of the application is at the discretion of the Housing Authority, not the developer. The developer must pay all required CDLAC fees when due.
- 2.4 The Housing Authority may issue 501(c) (3) bonds on behalf of qualified nonprofit organizations. 501(c) (3) bonds are tax-exempt and do not require an allocation from CDLAC, but cannot be used with the Low Income Housing Tax Credit Program.
- 2.5 The Housing Authority will allow refunding of bond issues that meet the following conditions:
- A. The project sponsor agrees to cover all costs of the issuer, including costs for the issuer's financial advisor, bond counsel, and trustee (if applicable).
  - B. Projects originally financed by tax-exempt bonds prior to the 1986 Tax Act will have to make a minimum ten percent of the units affordable to persons earning 50 percent of median area income with the rents affordable at the same level.
  - C. The affordability restrictions of the existing bond regulatory agreement are subject to extension. The Housing Commission reserves the right to impose additional requirements on a case by case basis. All specifics of refunding proposals must be approved by the Housing Authority.
  - D. Default refunding applications require a default refunding analysis (to determine the eligibility for a default refunding). The Housing Commission shall choose the firm to conduct the analysis. The project applicant will deposit the cost for the study with the Housing Commission before the study begins.

**3. AFFORDABILITY REQUIREMENTS**

- 3.1 Term of Rental and Affordability Restrictions—The project must remain as rental housing and continuously meet the affordability requirements as provided in Sections 3.2, 3.3 and 3.4 for the longer of (a) 15 years as measured from the date that ten percent (10%) of the affordable Units are occupied (or date of refunding, as applicable), (b) as long as the bonds remain outstanding, (c) such period as may be required in the opinion of Bond Counsel to satisfy applicable federal or State law, or (d) such period as may be required by CDLAC (typically 55 years). The rent of "in-place" tenants at the conclusion of the required affordability period will continue to be governed by the applicable affordability restriction, so long as those tenants continue to live in the development. The Housing Authority reserves the right to impose additional affordability restrictions.

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A Regulatory Agreement containing the rental and affordability restrictions will be recorded against the property and must be complied with by subsequent owners. The Regulatory Agreement will be terminated upon expiration of restrictions or in the event of casualty loss or foreclosure, and the subsequent retirement of bonds as a result of foreclosure.

State law requires advance notice and other requirements upon termination of affordability requirements, some of which also place restrictions on the sale of previously affordable housing projects.

**3.2 Income Restrictions**—To be eligible for tax-exempt bond financing, federal law requires that the project meet one of the following conditions:

- A. A minimum of 20% of the units in the project must be set aside for occupancy by households whose incomes do not exceed 50% of area median income, as adjusted for family size; or
- B. A minimum of 40% of the units in the project must be set aside for occupancy by households whose incomes do not exceed 60% of area median income, as adjusted by family size.

State law requires that a minimum of 10% of the units in the project be set aside for occupancy by households whose incomes do not exceed 50% of area median income, as adjusted for family size, at specified rent levels.

Project owners must certify their tenant's eligibility annually. If a tenant is no longer eligible, the next available unit in the project must be rented to a new eligible tenant and the current tenant's rent can be raised to a market level. A unit occupied only by full time students does not count towards the set-aside requirement.

Affordability definitions are based on the area median income for the County of San Diego as established by the US Department of Housing and Urban Development. The median income is subject to change annually. Household size is determined by adding one person to the bedroom size of the unit.

**3.3 Rent Restrictions**—The maximum rent for the affordable set-aside units shall not exceed 30% of one-twelfth of 50% of area median income, or 30% of one-twelfth of 60% of area median income (as the case may be, depending on the selected set-aside). The maximum rent amounts are further reduced by a utility allowance for tenant-paid utilities in the amounts determined by the Housing Commission's President and CEO. In the event tax-exempt bonds are used with Low Income Housing Tax Credits, or any other public funds, the most restrictive rents of the applicable programs shall apply. The affordability of restricted units in relation to the project's market rents will be considered as part of the Housing Commission's approval of the financing. The maximum rent amounts will also apply if the set-aside units are occupied by Section 8 tenants (tenant based vouchers).

**3.4 Unit Distribution**—The set-aside units must proportionately reflect the mix of all units in the project, be distributed throughout the project and have the same floor area, amenities, and access to project facilities as market-rate units. The objective of the program is to provide a

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set-aside of units with lower rents, not to create special "low-income sections" within larger developments.

- 3.5 Additional Affordability Restrictions under Restructuring of Existing Bond Issues—Additional public benefit in the form of deeper income targeting; additional rent restrictions; extension of the term of restrictions; additional number of restricted units; or any combination thereof, will be negotiated in connection with refundings or debt restructurings of existing bond issues. The level of additional restrictions will be determined in the context of the overall financial feasibility of each financing. Should the bond restructuring result in an extension of the maturity of the bonds, a minimum of 10% of the units in the project will be set aside for occupancy by households whose incomes do not exceed 50% of area median income, as adjusted for family size, with rents set at the corresponding affordability level, for the term of the restructured bond.

#### **4. CREDIT CONSIDERATIONS**

- 4.1 Required Rating on the Bonds—Any bonds issued under the program that are sold to the public should generally be rated "A", or its equivalent, or better from the following nationally recognized rating agencies: Moody's Investors Service, Standard & Poors Corporation, or Fitch Ratings. The same rating requirement applies in the case of a substitution of existing credit facility for bonds that are outstanding.
- 4.2 Credit Enhancement—A preferred way of obtaining the required rating on the bonds in accordance with Section 4.1 is through the provision of additional, outside credit support for the bond issue provided by rated, financially strong private institutions, such as government sponsored entities (including the Federal National Mortgage Association [Fannie Mae] or the Federal Home Loan Mortgage Corporation [Freddie Mac]), other government insured mortgage programs, or other qualified credit enhancement providers as long as the minimum bond rating is obtained. The rating on such bonds is determined based on the credit worthiness of the participating credit enhancement provider. The applicant is required to identify and obtain credit enhancement for each bond issuance. As the primary source of security for the repayment of bonds, the credit enhancement provider reviews and approves the borrower (credit, financial capability, experience, etc.) and the project and its feasibility, including the size of the loan and the terms of repayment, using their own underwriting criteria.
- 4.3 Rated Bonds Without Credit Enhancement—Fixed rate bonds, or their portion, can be issued without credit enhancement if the proposed financing structure results in the required minimum rating on the bonds by a rating agency as provided in Section 4.1. Bonds issued without credit enhancement will only be sold to qualified institutional investors ("QIIs") in minimum \$100,000 denominations.
- 4.4 Privately Placed Bonds—The rating requirement specified in Section 4.1 is waived under the following conditions:
- A. The bonds are privately placed with "qualified institutional buyers" as defined under Rule 144A of the Securities Act of 1933, or institutional "accredited investors," as generally defined under Regulation D of the Securities Act of 1933.

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- B. The bonds must be sold in minimum \$100,000 denominations.
- C. All initial and subsequent purchasers must be willing to sign a sophisticated investor letter (Investor Letter) in a form approved by the Housing Commission. While the bonds remain unrated, their transferability will be restricted to qualified institutional buyers or accredited investors who sign an Investor Letter.
- D. Unless otherwise approved by the Housing Commission Board, the bonds may not be held at any time by more than 15 or fewer investors.
- E. Upon terms acceptable to the Housing Commission, bonds may be placed in a trust or custodial arrangement with participations sold to investors.
- F. The Housing Authority issuer reserves the right to require a trustee or fiscal agent participate in privately placed bond or loan transactions.

The purpose of these conditions is to assure that the bonds are placed with investors who are experienced in municipal securities investing and analysis or real estate credit underwriting. Bond funds and affordable lending banks are the types of entities this condition anticipates.

- 4.5 Bonds with Hedges/SWAPs. The Developer shall disclose to the Issuer at the time of application of its intention to purchase an interest rate cap, hedge or swap, and such instrument shall be placed in an arm's length transaction. Under no circumstances shall the Housing Commission or Housing Authority be a party to such swaps or hedges

**5. OTHER ISSUERS**

- 5.1 The Housing Authority, in very limited situations, will allow issuers other than the Housing Authority to issue bonds for multifamily housing projects located within the City of San Diego. Any applicant considering the use of any issuers other than the Housing Authority should contact Housing Commission staff prior to proceeding with the project. The required City approvals of bond issuances by issuers other than the Housing Authority will be recommended only if the financing proposal is part of a pooled issuance involving projects located in multiple jurisdictions and the overall cost effectiveness of the financing proposal is increased. All Housing Authority affordability requirements, procedures and requirements will apply to projects using "outside issuers," including an issuance fee of 0.25 percent of the bond issuance amount to be paid to the Authority upon issuance of the bonds as described in Section 1.7 herein. A TEFRA hearing and approval by the City Council of the City ("City Council"), as described in Section 7.4, on behalf of another issuer will include a provision that the owner, operator or manager of the project considered for financing by tax-exempt debt will not change without the prior approval of the Housing Commission's President and CEO.

**6. SELECTION OF THE FINANCING TEAM**

- 6.1 Through separate Requests for Qualifications ("RFQ"), a pool of bond counsels, and a pool of financial advisors, will be established to serve as financing team participants on individual bond transactions. The RFQ process is a fair and competitive process which includes advertising, a competitive selection process and interviewing, if necessary. Firms will be selected in accordance with the Housing Commission's applicable equal opportunity policies.

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- 6.2 The establishment of each pool will be made by a selection committee with the approval of the Housing Commission Board. The selection committee will consist of Housing Commission staff and representatives from other City departments, such as the City Attorney's Office, City Auditor, and Debt Management. Generally, the selection will be made for a one -year period. The term may be extended for four additional one-year periods by the President and CEO.
- 6.3 The bond counsel and financial advisor specifically represent the interests and concerns of the Housing Commission, the Housing Authority and the City in ensuring the integrity of the bond transaction. The project sponsor may, at its own expense, add additional members to the finance team to represent its interests.
- 6.4 The Financial Advisor for each transaction will be designated by the President and CEO from the selected pool for approval by the Housing Commission Board on a rotating basis. The Financial Advisor will prepare a feasibility study on whether it is economically advisable to proceed with the financing, including: evaluation of the financial strength of the project; assumptions regarding income and expenses; sources of security for bonds in addition to the project; developer's financial situation and experience in operating and managing rental projects; marketability of the bonds; rights and resources of parties to the transaction in the event of default; and provide financial advice on all relevant issues to best protect the interests of the City and the Housing Authority. The compensation for financial advisory services to determine whether it is advisable to proceed with a financing will not be contingent on the sale of the bonds.
- 6.5 Bond Counsel will be designated for each financing by the President and CEO from the selected pool on a rotating basis subject to approval by the Housing Commission Board. Bond Counsel will prepare the necessary legal documentation, including provisions regarding compliance with any applicable continuing disclosure requirements, provide an opinion regarding the validity of the bonds and their tax exemption, and provide legal advice on all relevant issues to best protect the interests of the Housing Commission, the City and the Housing Authority, including but not limited to the project monitoring requirements for federal tax and CDLAC purposes.
- 6.6 Bond Underwriter/Remarketing Agent/Private Placement Purchaser—The developer shall select the construction and permanent lender/bond purchaser and method of selling the bonds for a given transaction subject to the requirements set forth herein and the approval of the Housing Commission. However, as referenced in Section 1.8 (herein) the Housing Authority shall not allow a bond transaction where the tax credit investor is also the bond purchaser. The practice of allowing the developer to propose the lender and bond structure is intended to create an incentive for qualified financial firms to actively work with developers to structure and present feasible financing proposals that meet program requirements.
- 6.7 In the event the developer has not identified a proposed financing structure for a given transaction, the Housing Commission will select an underwriter, lender, or private placement purchaser through a request for proposals process.

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6.8 The Bond Trustee (a bank designated by the Housing Authority as the custodian of funds and official representative of bondholders), if required by the bond structure for the financing, will be approved by the President and CEO based upon a Request for Proposals process.

## **7. THE FINANCING PROCESS**

- 7.1 Application—A developer interested in new-money financing must submit an application for bond financing or, in the case of an existing financing, a request for bond refunding or restructuring to the Housing Commission. Part of the required information is a disclosure statement, on each of the parties involved in the developer/ownership entity. Housing Commission staff will review the application for feasibility.
- 7.2 Deposit—At the time of the application, the developer must pay a \$10,000 application deposit to cover the preliminary costs of the proposed bond issuance, reissuance or restructuring. If the financing goes ahead, the deposit will be subject to reimbursement at the bond closing. If the bond issue does not proceed to closing, then the \$10,000 application deposit will be retained for payment toward the preliminary costs incurred by the Housing Commission and its consultants'. The \$10,000 application deposit may be waived by the President and CEO.
- 7.3 Inducement Resolution—In conjunction with the City Attorney's Office and Bond Counsel, a bond inducement resolution will be drafted and approved by the Housing Authority. All new-money projects must be induced. An inducement resolution is a conditional expression of the Housing Authority's "official intent" to issue bonds for a given project and is required under Treasury Regulation Section 1.150-2(e) 1.150-2(e). Approval of the inducement resolution establishes, through the public record, the date from which project costs incurred may be determined to be eligible for financing under the program. Therefore, applicants are encouraged to induce their projects as soon as practicable to clearly identify the project, its location, maximum number of units, the maximum amount of financing, and the proposed ownership entity.
- A. Application to CDLAC—The inducement resolution also authorizes Housing Commission staff to submit an application to CDLAC, on behalf of the developer/project sponsor, for a private activity bond allocation.
- B. No Binding Financial Commitment—Adoption of the inducement resolution does not represent any commitment by the Housing Commission, Housing Authority, or the developer to proceed with the financing. The approval of the inducement resolution, by itself, does not authorize any subordinate financing by the Housing Authority or any other entity of the City. The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a resolution authorizing such issuance.
- C. No Land Use or Building Code Approval—Approval of the inducement resolution shall not be construed to signify that the project complies with the planning, zoning, subdivision and building laws and ordinances of the City or suggest that the Housing Authority, the City, or any officer or agent of the Housing Authority or the City will grant any such approval, consent or permit that may be required in connection with the development of a given project.

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- 7.4 TEFRA Hearing and Approval—In order for interest on the bonds to be tax-exempt and in accordance with the Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982, Section 147(f) of the Internal Revenue Code of 1986, the issuance of bonds must be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located, after a public hearing for which a reasonable public notice adequately describing the proposed location of the project, the number of units, and proposed bond issuance amount was given. As the legislative body for the City of San Diego, federal regulations require that the issuance of bonds by the Housing Authority be approved by the City Council. The purpose of the public hearing is to provide an opportunity for interested persons to provide their views on the proposed bond issuance and on the nature and location of the project. The TEFRA hearing will be conducted by City Council at the date and time specified in the TEFRA notice. The TEFRA notice shall be published in a newspaper of general circulation within the City at least 14 days in advance of the TEFRA hearing.
- 7.5 Bond Allocation—Prior to the issuance of private activity, tax exempt bonds, the Housing Authority must apply for, and receive an allocation of bond issuing authority from CDLAC. To receive such an allocation, the Housing Authority and the developer must document their readiness to proceed with the bond financing.
- 7.6 Performance Deposit—At the time of the application to CDLAC, the developer must deposit with the Housing Authority one half of one percent of the requested allocation amount (or as required by CDLAC) as a performance deposit. The deposit will be returned to the developer according to the CDLAC procedures; the deposit is subject to reversion to the CDLAC if the financing does not close according to the CDLAC procedures.
- 7.7 Local Review—All projects must be in compliance with the City's zoning requirements and adopted community plans. Prior to requesting the Housing Authority approval of a new-money bond issuance, the project must undergo all planning procedures and land use approvals, including discretionary review, community planning group review, and environmental analysis, as required. All projects must be reviewed by the applicable community planning group(s) prior to final bond authorization by the Housing Authority.
- 7.8 Coordination with City Finance Representatives—Housing Commission staff will work with the City Attorney's Office, the Debt Management Department, and other City departments, as necessary, in preparing bond issuances for affordable housing projects.
- A. Compliance with City's Disclosure Ordinance—As a related entity of the City, the Housing Commission will adhere to the City disclosure ordinance (O-19320) as it may be amended from time to time. The Housing Commission will present offering statements and disclosure documents for review and approval, as appropriate, by the City's Disclosure Practices Working Group.
- 7.9 Housing Commission/Housing Authority Final Approval—Housing Commission staff recommendations to proceed with a proposed bond issuance, reissuance, or bond restructuring will be presented for approval by the Housing Commission. If approved, staff will work with the approved financing team to structure the financing and to prepare the necessary bond documents. The resulting bond documents, authorizing resolution, staff report, and other relevant docket materials will be submitted for final approval by the Housing Authority.

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**8. TENANT RELOCATION**

- 8.1 As required by CDLAC regulations (Section 5211 "Tenant Relocation") if low-income tenants will receive a rent increase exceeding five percent (5%) of their current rent, then a relocation plan is required to address economic displacement. Where applicable, the applicant shall provide evidence that the relocation plan is consistent with the Uniform Relocation Assistance and Real Property Acquisition Policy Act (42 U.S.C. 61).

**9. PROHIBITION OF CERTAIN "SUBSTANTIAL USERS"**

- 9.1 The Housing Commission and Housing Authority, each in its sole and absolute discretion, reserves the right to reject and not issue bonds for proposed projects where, in the proposed financial structure, the proposed bond purchaser is the same entity or a related entity as the project owner (including, but not limited to, tax credit investor limited partners) or involves any other arrangement which may limit the Housing Commission or Housing Authority's ability to charge administrative fees in the amounts detailed in Section 1.7 herein.

**10. POST ISSUANCE COMPLIANCE**

- 10.1 At completion of the new construction or rehabilitation work, the developer shall provide to the Housing Commission staff a certification from the project's architect that the project includes all design elements that formed the basis for CDLAC's award of bond allocation points (including but not limited to sustainable building methods and/or energy efficiency elements). Additionally, at or before completion of the new construction or rehabilitation of the project, and in any event prior to conversion of bonds to permanent financing, the developer shall provide the Housing Commission with the final actual sources and uses of funds and shall confirm to the Housing Commission staff that such sources and expenditures comply with all state and federal law requirements, including the requirements set forth in the tax certificate with respect to the bonds.
- 10.2 Annual Certification of Public Benefits and On-going Compliance  
As required by CDLAC regulations, all projects that receive a CDLAC bond allocation and are within an existing regulatory period and/or compliance period, shall be monitored by the Housing Commission staff for compliance with the terms and conditions of the CDLAC allocation resolution. The Housing Commission may choose to hire an outside compliance monitoring firm to assist with such requirements.
- A. Annually, on or before January 1 of each year until the expiration of the qualified project period under the CDLAC Resolution and Bond Regulatory Agreement, the developer shall provide a written certification of compliance, to the Housing Commission, to confirm that the completed project meets the terms and conditions stated in the CDLAC Resolution.
- B. The Housing Commission shall review the developer's certification of compliance and may request evidence of compliance including supporting documentation as necessary in the sole reasonable discretion of the Housing Commission.
- C. Annually, no later than March 1 of each year until the expiration of the qualified project period under the CDLAC Resolution and Bond Regulatory Agreement (or such other date as required by CDLAC), the Housing Commission shall complete and submit to CDLAC the "Annual Applicant

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Public Benefits and On-going Compliance Self Certification" in such format as required by CDLAC, that the completed project meets the terms and conditions stated in the CDLAC Resolution.

- D. For projects which are not meeting the terms and conditions stated in the CDLAC Resolution, the Housing Commission will work with CDLAC staff and Housing Commission legal counsel, for remedial action, as necessary, including an action for specific performance or other available remedy. The Housing Commission may disqualify a bond application from any developer or member of the development partnership who is not in compliance with CDLAC's Post Issuance Compliance requirements, as determined by the Housing Commission and/or by CDLAC.

- 10.3 Transfer of Ownership. The Housing Commission reserves the right to approve any voluntary change in ownership (i) that results in a transfer of 50% or more of the total equity interests in a developer or (ii) that results in a transfer of any general partner or managing member interest in the developer. Such approval to transfer ownership shall be at the discretion of the Housing Commission subject to any additional requirements set forth in the tax certificate or Bond Regulatory Agreement. The Housing Commission shall review management practices of the proposed transferee's current and previously owned properties. Any proposed transferee (including individuals within an ownership) whose currently owned properties have been found by the Housing Commission to have deficiencies that have not been resolved within the time frame prescribed by the City, Housing Authority or Housing Commission or other local government authority, may not assume ownership of any bond financed project. The Housing Commission may initiate additional inspections to verify findings.
- 10.4 Carryforward Election. With respect to each bond allocation in a given calendar year for which less than all of the allocation of private activity volume cap was used, the Housing Commission staff shall contact CDLAC requesting confirmation of the amount, if any, of carryforward election the Housing Authority shall make under section 146(f) of the Internal Revenue Code.
- 10.5 Arbitrage Rebate Compliance. The developer shall comply with all applicable federal tax laws set forth in the tax certificate and bond documents, including arbitrage rebate compliance. The developer shall provide the Housing Commission with documentation that verifies the developer's compliance with federal tax laws set forth in the tax certificate and bond documents, including rebate compliance reports.
- 10.6 Other Required Disclosures. The developer/owner shall be solely responsible for any and all continuing disclosures under the Municipal Securities Rulemaking Board (MSRB) rules, requirements and regulations (including but not limited to fixed rate bond issuances with Fannie Mae and/or Freddie Mac involvement).

[Supersedes PO300.301, effective July 30, 2013]

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Authorized:



Deborah N. Ruane,  
Senior Vice President  
Real Estate Division



Ann E. Kern  
Senior Director Real Estate Finance & Program  
Development Unit  
Real Estate Division

7/30/2013

Date

7-30-2013

Date

History:

Adopted: 10/16/1989

Revised: 6/23/1992

Revised: 6/28/1994

Revised: 5/28/1996

Revised: 6/04/1999

Revised: 9/23/2008

**Revised: 07/30/2013**



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## Scope Narrative

**Vista Terrace Hills**  
1606 Del Sur Boulevard  
San Diego, CA 92713

### Eden Housing

#### Specific Green Measures

- All existing toilets in all units will be replaced with fixtures that use .8 gallons or less water per flush.
- All showerheads, kitchen and bathroom faucets will be replaced and will meet San Diego Water Sense programs.
- Existing Range, refrigerator, and water heater will be replaced with Energy Star-labeled appliances in all units.
- Energy Star-labeled lighting fixtures or high-efficiency fixtures in all exterior entry ways and terraces.
- Apartment unit wall furnaces will be replaced with energy efficient gas units.
- Existing water heaters will all be replaced with gas heaters exceeding .95 EF.
- Urea-Free Formaldehyde plywood will be used for all base cabinets
- Only non- urea-formaldehyde wood, construction materials and floor coverings which do not emit other harmful gases will be used.
- All interior paints, primers, adhesives and sealants will contain low or no Volatile Organic Compounds (VOC).
- New Energy Star rated bathroom exhaust fan and light.
- Overall projected energy savings over existing is projected to exceed 10%
- Cool Roof asphalt shingles to replace existing roofing.

## **General Acquisition Rehabilitation Scope**

### **Common Area**

1. Eden Housing Monument Sign
2. New Mail box near Community Center
3. Building directory
4. Handicap & ADA parking signage
5. Landscape accents and highlights near building entries and other common areas.
6. Repair existing grading and drainage issues
7. Hardscape adjustments to accommodate 13 ADA units and their associated path of travel requirements.
8. Remove and replace concrete walkway to selective ADA units
9. Repair concrete pathway areas with slope or alignment issues that have been impacted by tree roots or other damage throughout the site.
10. Repair any handrail, stair rails or guardrails onsite
11. Add cane rail detection under all upper floor stairways and riser blocks at all stairway treads in accordance with Chapter 11B – California Accessibility Code.
12. Replace existing site lighting with energy efficient heads on the existing poles.
13. Upgrade 5 existing Laundry Buildings with energy efficient lighting with occupancy sensors.
14. Remove and/or trim selected trees to reduce shading near the Solar panels and alleviate concrete sidewalk heaving in specific areas do to tree root intrusion.
15. Sealcoat parking area and restripe parking stalls.

### **Apartment Units**

1. Remove and replace all existing kitchen cabinets countertops and bath vanities with cabinetry exceeding KCMA/ANSI A161.1 with solid face frame cabinets and all plywood boxes.
2. Replace existing medicine cabinets with new.
3. Replacement of 25% of VCT and carpet with 20 year warranty vinyl plank in all areas except the bedrooms which will receive new carpet.
4. Replace existing range (stove/oven), range hood, refrigerator with Energy Star appliances.
5. Minor sheetrock repair as required in each unit.
6. Repaint and touch up existing apartment paint in the kitchen and bathrooms, or as needed.
7. All new window blinds at windows and sliding doors.
8. Replace the glass shower doors in selected units with new as required.
9. Convert 12 existing units to ADA units.

### **Apartment Unit and Building Mechanical**

1. Remove and replace existing gas furnace with 95% efficient unit with programmable thermostats.
2. Passive ventilation added to each apartment unit to increase circulation and air quality.

### **Mechanical (continued)**

3. Replace all bathroom exhaust fan with Energy Star fan with humidistat.

### **Apartment Unit and Building Electrical**

1. 200 – 300 kW Solar PV array to offset the property and apartment unit electrical usage.
2. Upgrade all lighting to energy efficient lighting on the interior and exterior of the apartment building.
3. Replace existing ceiling fans in the dining room in half the units.
4. Building electrical panel modifications as required for Solar PV array.
5. Provide Wi-Fi access to all buildings.

### **Plumbing**

1. Remove and replace the existing toilets with .8 gallon per flush HET toilets.
2. Replace all the bathroom tub/shower faucets and shower heads with low flow devices
3. Replace all bathroom sinks and faucets with low flow devices
4. Replace the kitchen sink, faucet, and garbage disposal with new fixtures.
5. Recoat fiberglass shower and bathtub and surrounds to provide new finish in all units.
6. Replace existing shower / tub mixing valves in all units.
7. Replace the existing common building hot water boiler with high efficiency unit.
8. Replace angle stops as required in each unit.
9. Flush out existing sewer laterals.

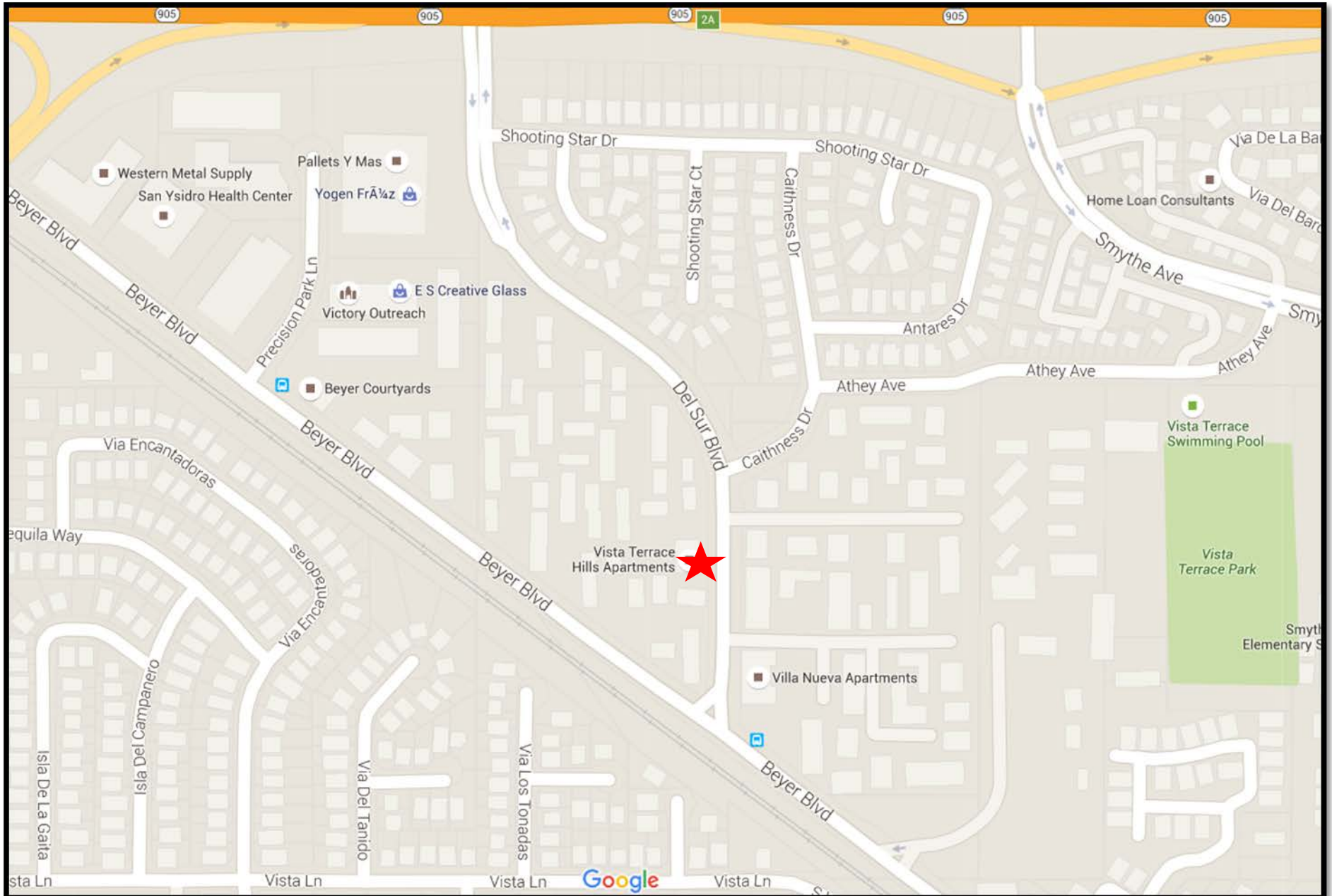
### **Building Envelope**

1. Remove and replace existing roofing with 20 year Cool Roof Asphalt shingle roofing
2. Add attic ventilation on all buildings
3. Add under deck and stair landing passive ventilation to limit dry-rot and structural decay.
4. Remove and replace existing sliding door in each unit with double pane insulated vinyl unit.
5. Waterproof the front landings/porch to all the townhome units.
6. Replace existing exterior door to the lower floor bedrooms.
7. Minor wood or stucco repair as needed. (*All building exteriors were repainted in 2012*)

### **Solar PV**

1. 200 - 300 kw Solar PV system to offset tenant electrical loads

## ATTACHMENT 5 – SITE MAP



## ATTACHMENT 6

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

1. Name of CONTRACTOR:

Eden Vista Terrace 2, LP.

2. Address and Zip Code:

Eden Housing, Inc.  
22645 Grand Street  
Hayward, CA 94541

3. Telephone Number:

510-582-1460

4. Name of Principal Contact for CONTRACTOR:

Linda Mandolini, President

5. Federal Identification Number or Social Security Number of CONTRACTOR:

81-1018732

6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

☐ A corporation (Attach Articles of Incorporation)

☐ A nonprofit or charitable institution or corporation. (Attach copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status).

☒ A partnership known as: Eden Vista Terrace 2, L.P.  
(Name)

Check one

( ) General Partnership (Attach statement of General Partnership)

(X) Limited Partnership (Attach Certificate of Limited Partnership) LP-1 Attached

☐ A business association or a joint venture known as:  
\_\_\_\_\_ (Attach joint venture or business association agreement)

☐ A Federal, State or local government or instrumentality thereof.

☐ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:  
1-6-2016

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.

Eden Vista Terrace LLC GP .01%/Limited Partner US Bank 99.99%

See Board List for Eden Investments, Inc. EIN 94-2995223 (the sole member of Eden Vista Terrace LLC GP EIN 47-3220005) & Board List for Eden Housing, Inc. (Developer/Sponsor/Guarantor).

- 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%.

| Name, Address and<br>Zip Code _____ | Position Title (if any) and<br>percent of interest or description<br>of character and extent of interest |
|-------------------------------------|--|
|-------------------------------------|--|

(Attach extra sheet if necessary)

- 9. Has the makeup as set forth in Item 8(a) through 8(e) changed within the last twelve (12) months. If yes, please explain in detail. NO
- 10. Is it anticipated that the makeup as set forth in Item 8(a) through 8(e) will change within the next twelve (12) months? If yes, please explain in detail. NO
- 11. Provide name, address, telephone number, and nature and extent of interest of each person or entity (not named in response to Item 8) who has a beneficial interest in any of the shareholders or investors named in response to Item 8 which gives such person or entity more than a computed 10% interest in the CONTRACTOR (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the CONTRACTOR or more than 50% of the stock in the corporation which holds 20% of the stock of the CONTRACTOR):

| Name, Address and<br>Zip Code _____ | Position Title (if any and<br>extent of interest |
|-------------------------------------|--|
|-------------------------------------|--|

- 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: See 8.
- 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.

The sole member of the General Partner LLC – Eden Investments, Inc. – is an affiliate of Eden Housing, Inc.

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

See attached EHI Combined 2015 Financial Statements

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:

Low income 4% housing tax credits and tax exempt financing.

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

- a. In banks/savings and loans:

Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$

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

Name, Address & Zip Code of Bank/Savings & Loan:

Amount: \$

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

| <u>Description</u> | <u>Market Value</u> | <u>Mortgages or Liens</u> |
|--------------------|---------------------|---------------------------|
|--------------------|---------------------|---------------------------|

\$

\$

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

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   X   No

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

19. Has the CONTRACTOR or anyone referred to above as "principals of the CONTRACTOR" been convicted of any felony within the past 10 years?    Yes   X   No

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

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

| <u>Type Bond</u> | <u>Project Description</u> | <u>Date of Completion</u> | <u>Amount of Bond</u> | <u>Action on Bond</u> |
|------------------|----------------------------|---------------------------|-----------------------|-----------------------|
|------------------|----------------------------|---------------------------|-----------------------|-----------------------|

See Eden Housing, Inc. Statement of Qualifications

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

a. Name and addresses of such contractor or builder:

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract? ☐ Yes ☐ No

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

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

General description of such work:

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

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

| <u>Identification of Contract or Development</u> | <u>Location</u> | <u>Amount</u> | <u>Date to be Completed</u> |
|--|-----------------|---------------|-----------------------------|
|--|-----------------|---------------|-----------------------------|

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

| <u>Awarding Agency</u> | <u>Amount</u> | <u>Date Opened</u> |
|------------------------|---------------|--------------------|
|------------------------|---------------|--------------------|

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

23. Does any member of the governing body of the San Diego Housing Commission ("COMMISSION"), 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 COMMISSION, 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 X No

If yes, explain.

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

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

If yes, 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 [Attach certificate of insurance showing the amount of coverage and coverage period(s)]

Check coverage(s) carried:

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

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

Check coverage(s) carried:

- ☐ Comprehensive Form
- ☐ Owned
- ☐ Hired
- ☐ Non-Owned

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

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

- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]
  - f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]
27. CONTRACTOR warrants and certifies that it will not during the term of the PROJECT, GRANT, LOAN, CONTRACT, DEVELOPMENT and/or RENDITIONS OF SERVICES discriminate against any employee, person, or applicant for employment because of race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the COMMISSION setting forth the provisions of this nondiscrimination clause.
28. The CONTRACTOR warrants and certifies that it will not without prior written consent of the COMMISSION, engage in any business pursuits that are adverse, hostile or take incompatible positions to the interests of the COMMISSION, during the term of the PROJECT, DEVELOPMENT, LOAN, GRANT, CONTRACT and/or RENDITION OF SERVICES.
29. CONTRACTOR warrants and certifies that no member, commissioner, councilperson, officer, or employee of the COMMISSION, 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 Commission was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the assignment of work, has during his or her tenure, or will for one (1) year thereafter, have any interest, direct or indirect, in this PROJECT or the proceeds thereof.

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

Government Entity  
Making Complaint

Date

Resolution

31. Has the CONTRACTOR ever been disqualified, removed from or otherwise prevented from bidding on or completing a federal, state, or local government project because of a violation of law or a safety regulation. If so, please explain the circumstances in detail. If none, please so state: NO

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

| <u>Governmental Agency</u> | <u>Description License</u> | <u>License Number</u> | <u>Date Issued (original)</u> | <u>Status (current)</u> | <u>Revocation (yes/no)</u> |
|----------------------------|----------------------------|-----------------------|-------------------------------|-------------------------|----------------------------|
|----------------------------|----------------------------|-----------------------|-------------------------------|-------------------------|----------------------------|

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 COMMISSION. NONE

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

Eden Housing, Inc. is an experienced non profit housing developer having developed over 7,300 units and currently manages 5,200 units.

35. List all CONTRACTS with, DEVELOPMENTS for or with, LOANS with, PROJECTS with, GRANTS from, SALES of Real Property to, the COMMISSION, AUTHORITY and/or the CITY within the last five (5) years: NONE

| <u>Date</u> | <u>Entity Involved</u><br>(i.e., CITY,<br>COMMISSION, etc.) | <u>Status</u><br>(Current, delinquent<br>repaid, etc.) | <u>Dollar</u><br><u>Amount</u> |
|-------------|---|--|--------------------------------|
|-------------|---|--|--------------------------------|

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 X No

If yes, explain:

37. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, had a revocation or suspension of a CONTRACTOR's License?  
\_\_\_ Yes X No

If yes, explain:

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

Name:

Address:

Phone:

Project Name and Description:

Name:

Address:

Phone:

Project Name and Description:

Name:

Address:

Phone:

Project Name and Description:

39. Give a brief statement respecting 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.

See Eden SOQ's.

40. Give the name and experience of the proposed Construction Superintendent. N/A

## 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 ("COMMISSION"), 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 COMMISSION, 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 COMMISSION, 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 COMMISSION, 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 17 day of March, 20 16, at Hayward, California.

CONTRACTOR

By:

Signature  
  
Title: President

**CERTIFICATION**

The CONTRACTOR, Eden Vista Terrace 2, L.P., 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: <u>[Signature]</u>   | By: _____    |
| Title: <u>President</u>  | Title: _____ |
| Dated: <u>03/17/2016</u> | 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**

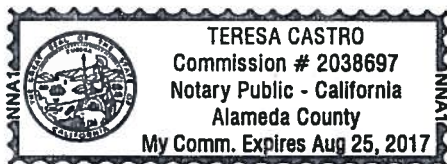
State of California

County of Alameda

Subscribed and sworn to (or affirmed) before me on this 17 day of March, 20 16

by Linda Mandolini personally known to me or proved to me on the basis of satisfactory

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



[Signature]  
Signature of Notary

SEAL

**ATTACHMENT 7**  
**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 or credit. The bonds do not constitute a general obligation of the issuer because security for repayment of the bonds is limited to specific private revenue sources, such as project revenues. The developer is responsible for the payment of costs of issuance and all other costs under each financing.

**Affordability:** Minimum requirement is that at least 20% of the units are affordable at 50% of Area Median Income (AMI). Alternatively, a minimum of 10% of the units may be affordable at 50% AMI with an additional 30% of the units affordable at 60% AMI. The Housing Commission requires that the affordability restriction be in place for a minimum of 15 years. Due to the combined requirements of state, local, and federal funding sources, projects financed under the Bond Program are normally affordable for 30-55 years and often provide deeper affordability levels than the minimum levels required under the Bond Program.

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

**Approval Process:**

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

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

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

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

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

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