



REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: April 28, 2022

REPORT NO: HAR22-016

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of May 24, 2022

SUBJECT: Final Bond Authorization for Levant Senior Cottages

COUNCIL DISTRICT: 7

REQUESTED ACTION

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds in an amount not to exceed \$22,877,000 and taxable bonds in an amount not to exceed \$22,000,000, to fund Levant Senior Cottages LP's construction of Levant Senior Cottages, a new affordable rental housing development at 6950 Levant Street in the Linda Vista neighborhood, which will consist of 126 units that will remain affordable for 55 years for seniors with low income, including 70 units for residents selected from the San Diego Housing Commission's Project-Based Housing Vouchers (PBV) waiting list, with income between 25 percent and 50 percent of the San Diego Area Median Income (AMI), and one unrestricted manager unit.

STAFF RECOMMENDATION

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

- 1) Authorize the issuance of tax-exempt Housing Authority Multifamily Housing Revenue Bonds in an amount not to exceed \$22,877,000 and taxable bonds in an amount not to exceed \$22,000,000 to fund Levant Senior Cottages LP's construction of Levant Senior Cottages (Levant Senior), a new affordable rental housing development at 6950 Levant Street in the Linda Vista neighborhood, which will consist of 126 units that will remain affordable for 55 years for seniors with low income, including 70 units for residents selected from the Housing Commission's Project-Based Housing Vouchers (PBV) waiting list, with income between 25 percent and 50 percent of the San Diego Area Median Income (AMI), and one unrestricted manager unit.
- 2) Authorize the San Diego Housing Commission's (Housing Commission) Interim 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 the General Counsel of the Housing Authority and of the Housing Commission and the Bond Counsel, and to take such actions as are necessary, convenient, and/or appropriate to implement these approvals upon advice of the General Counsel and/or the Bond Counsel. Housing Commission staff will notify the Housing Authority and the City Attorney's Office about any subsequent amendments or modifications to the transaction, and other required documents, including amendments to any documents.

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SUMMARY

A Development Summary is at Attachment 1.

Table 1 –Development Details

Address	6950 Levant Street, San Diego
Council District	7
Community Plan Area	Linda Vista Planning Group
Developer	Wakeland Housing and Development Corporation (Wakeland)
Development Type	New construction (for seniors)
Construction Type	Type V (stucco with wood frame)
Parking Type	45 parking spaces (surface)
Mass Transit	Metropolitan Transit District route #41 has a bus stop at Genesee Avenue and Osler Street, approximately .09 mile from the site.
Housing Type	Multifamily, 19 one-story buildings and two two-story buildings
Lot Size	One parcel totaling 4.49 acres, 195,584 square feet
Units	127 (126 affordable units)
Density	28.22 dwelling units per acre (127 units ÷ 4.5 acres)
Unit Mix	126 affordable units: 108 studios, 18 one-bedrooms, and one unrestricted two-bedroom manager's unit.
Gross Building Area	51,850 square feet
Net Rentable Area	46,800 square feet
Project Based Vouchers	70 Non-Permanent Supportive Housing (PSH) Project-Based Housing Vouchers (PBVs) for seniors (age 55+) with low income selected from the Housing Commission's PBV waiting list. Also, State of California Multifamily Housing Program (MHP) funding will require 32 of the PBV units to be restricted for the Frail Elderly population.
Affordable Units in Service by Council District	Council District 7 includes 1,602 affordable rental housing units currently in service, which represents 6.5 percent of the 24,551 affordable rental housing units in service citywide.

Background

In response to the Housing Commission's Fiscal Year (FY) 2021 Notice of Funding Availability (NOFA), developer Wakeland applied for a loan and federal Project-Based Housing Vouchers (PBV) for the Levant Senior development.

On January 8, 2021, the Housing Commission's NOFA evaluation committee provided a preliminary recommended award for a residual receipts loan of up to \$6,000,000 and 70 PBVs for low-income seniors age 55 and older with income between 25 percent and 40 percent of AMI who will be selected from the Housing Commission's PBV waiting list.

On July 9, 2021, the Housing Commission (Report No. HCR21-074) approved taking preliminary steps to authorize the issuance of up to \$35,000,000 of tax-exempt Multifamily Housing Revenue Bonds and approved a Housing Commission residual receipts loan of up to \$6,000,000 to finance the new construction of Levant Senior. The Housing Commission Board of Commissioners (Board) also held a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986.

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The Housing Commission Board is authorized to hold TEFRA hearings pursuant to Multifamily Mortgage Revenue Bond Program Policy Amendments the Housing Authority approved March 9, 2021 (Report No. HAR20-043; Resolution No. HA-1906). Future TEFRA hearings will be held at Housing Commission Board of Commissioners meetings pursuant to the Housing Commission's Bond Program Policy.

On December 8, 2021, the California Debt Limit Allocation Committee (CDLAC) approved a \$22,877,000 tax-exempt bonds allocation, and the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation.

The Development

Levant Senior will be a 126-unit, new construction, affordable housing development. It will also include one unrestricted manager's unit. The development will consist of 108 studios, 18 one-bedroom units, and one two-bedroom manager's unit. The Levant Senior development will be at 6950 Levant Street (Attachment 2 –Site Map).

Bus service is located .09 mile from Levant Senior at Genesee Avenue and Osler Street. Levant Senior has two nearby trolley stations on the Green Line: 1) the Fashion Valley Station (2.7 miles from Levant Senior) and 2) the Hazard Center Station (2.8 miles from Levant Senior).

Tenants in 70 units will receive help to pay their rent through non-PSH federal PBVs awarded by the Housing Commission. Extensive services will be provided to all of the residents. The Housing Commission is reserving PBV funding for 52 studios and 18 one-bedroom units at Levant Senior.

Levant Senior will consist of 108 studio units, configured as: 18 bungalow buildings, two two-story buildings connected by a walkway, two separate laundry structures, and a one-story community building that includes a laundry. The development will provide 32 units rent-restricted to households with income up to 25 percent of San Diego's Area Median Income (AMI), 13 units rent-restricted to households with income up to 30 percent of AMI, 32 units rent-restricted to households with income up to 40 percent of AMI, 49 units rent-restricted to households with income up to 50 percent of AMI, and one unrestricted manager's unit.

The development will include central heat and air conditioning, blinds, storage closet, patio/balcony, refrigerator, stove/oven, and garbage disposal. Site amenities will include outdoor patio, walking trail, and a large community room with features such as a computer lab, kitchen and space for workshops, classes, community and social events.

The Property

The property is 4.49 acres owned by the County of San Diego. It is vacant. A 70-year ground lease agreement between the County of San Diego (Lessor) and Levant Senior Cottages L.P. (Lessee), commenced January 1, 2019, with a \$1 per year lease prepaid rent. The lease restricts the use of the land to no less than 99 senior households, age 55 and older, with income at 50 percent and 60 percent of AMI. The site was previously occupied by San Diego County Adoptions. On-site structures have been demolished, and no relocation is necessary. The property is located between Genesee Avenue to the north and Levant Street to the south. Neighboring to the west is the Linda Vista Community Park, which includes a community center as well as other park amenities. To the east is the San Diego Cooperative Charter School. To the south is residential housing. The site is accessible to public transportation, areas of employment, food shopping and medical services.

Tenant Services

Wakeland will provide an on-site Service Coordinator to connect residents to a wide range of community resources designated to improve residents' economic stability and overall quality of life.

Levant Senior will have 32 units set aside for special needs housing for frail elderly who qualify for the Program of All Inclusive Care for the Elderly (PACE). St. Paul's PACE will be the Lead Service Provider for the 32 special needs units targeting the frail elderly who qualify for the PACE program. Pace services include but are not limited to: primary medical and specialty care; dental; podiatry; optometry; prescription drug coverage and management; medical equipment and supplies; physical, occupational and speech therapies; transportation assistance; adult day care services; nutritious meals and dietary counseling; social services; and home care services (bathing, cleaning, shopping, and meal preparation). As determined by need, additional services will be provided, such as; life skills; access to substance abuse and mental health services; 24/7 access to PACE medical team; and linkages to community and social services upon request or as needed.

Prevailing Wages

The developer proposes to use 70 U.S. Department of Housing and Urban Development (HUD) PBVs, administered by the Housing Commission, which will require the payment of federal Davis-Bacon prevailing wages. The proposed use of State of California Multifamily Housing Program (MHP) loan funds will require payment of State of California prevailing wages. The higher of the federal or State of California prevailing wages will apply.

Appraisal

An October 20, 2020, Kinetic Valuation Group's appraisal of the subject site valued the property at \$2,960,000 (with the ground lease restrictions). The private lender will complete a new appraisal as part of the lender's due diligence efforts.

Relocation

The property is vacant. No relocation is necessary.

Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units, and an additional 4 percent of the units are required to have communication features for residents with visual and/or hearing impairment. The same units can satisfy both of these accessibility requirements. The Levant Senior units will be accessible in accordance with the Americans with Disabilities Act. HOME Investment Partnerships Program funds will be used to fund the development. These accessible units will satisfy the HOME accessibility requirement in 5 percent of the units, plus an additional 2 percent of the units accessible for residents with visual and/or hearing impairment.

Project Sustainability

Levant Senior will be built as Green Point Rated. Green Point is a program of Build It Green, a nonprofit organization promoting healthy, energy- and resource-efficient buildings in California. Green Point scores and rates housing in five categories, including energy and water conservation, indoor air quality, sustainable building materials, and community benefits such as proximity to public transportation.

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Levant Senior will comply with the CTCAC minimum energy-efficiency standards for new construction. Its features will include Energy Star-rated efficient appliances and a solar component that will meet Title 24 requirements. The solar system's size will be approximately 252,000 kWh and it will offset a portion of the tenant and common areas load. Water conservation will be promoted via low-water-use fixtures in kitchens and bathrooms, low-flow toilets, and low-water-use native-plants landscaping with water-efficient irrigation controls.

Development Team

The development team will be led by Wakeland Housing and Development Corporation, an award-winning, nonprofit corporation headquartered in San Diego. Wakeland is a leader in the creation and operation of affordable housing. Founded in 1998, Wakeland focuses on building and operating cost-efficient housing communities with superior on-site programs and services for residents. Wakeland's portfolio currently includes 7,300 units of affordable housing. The Housing Commission has worked with Wakeland on multiple successful projects, including: the 44-unit new construction Beacon apartments, the 205-unit new construction Atmosphere apartments, the 132-unit scattered sites City Heights Ten rehabilitation project, the 40-unit Juniper Gardens Apartments in City Heights, the 92-unit Village Green Apartments in the Rolando neighborhood; Vista Grande, a 48-unit rehabilitation project located in the southeastern part of San Diego; and the 60-unit Talmadge Gateway Apartments, a permanent supportive housing development serving seniors who experienced homelessness, in the Kensington-Talmadge Community. Wakeland is in full compliance on its previous Housing Commission-funded loans. Based upon the developer's past experience and past development performance, staff has determined that the developer has the requisite capacity to successfully complete the proposed Levant Senior project.

The proposed borrower will be Levant Senior Cottages L.P., which will include Wakeland Levant LLC as its Managing General Partner, San Diego Kind Corporation as the Administrative General Partner, and Boston Financial Investment Management as the tax credit investor limited partner (Attachment 3 – Organization Chart).

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	Wakeland Housing and Development Corporation
Owner/Borrower	Levant Senior Cottages L.P.,
Managing General Partner	Wakeland Levant LLC
Administrative General Partner	San Diego Kind Corporation
Tax Credit Investor Limited Partner	Boston Financial Investment Management
Architect	Roesling, Nakamura, Terada Architects
General Contractor	Allgire General Contractors
Property Management	ConAm Management Corporation
Construction and Permanent Lender	JP Morgan Chase Bank NA
Tenant Services Providers	Wakeland Housing and Development and St. Paul's PACE Program

Property Management

Levant Senior will be managed by ConAm Management Corporation (ConAm). Established in 1975, ConAm is a nationwide management company, based in San Diego, with a management portfolio of approximately 53,000 units in more than 26 metropolitan areas. It is experienced in property

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management, marketing, maintenance, renovations and tax credit developments. Wakeland's Asset Management Department will oversee ConAm.

FINANCING STRUCTURE

Levant Senior has an estimated total development cost of \$47,729,223 (\$375,821 per unit). Financing will include a combination of sources as described in Table 3. The developer's pro forma is included as Attachment 4 and summarized below.

Table 3 – Levant Senior Estimated Permanent Sources and Uses

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts	Per Unit
Tax-exempt permanent Bond	\$7,015,000	Land & acquisition/holding costs	\$0	\$0
California State Department of Housing & Community Development Multifamily Housing Program loan	19,080,000	Construction Costs \$32,153,822 Construction Contingency <u>+1,882,691</u> Total 34,036,513	34,036,513	268,004
4 percent tax credit equity	20,334,123	Financing costs	2,117,323	16,672
Deferred developer fee	1,300,000	Other soft costs	1,908,467	15,027
General Partner equity	100	Predev & Construction Period Interest	2,819,941	22,204
		Developer fee	2,200,000	17,323
		Local permits and fees	1,815,000	14,291
		Architect &Engineering	505,000	3,976
		Soft costs contingency	300,000	2,362
		Legal & Accounting costs	165,000	1,299
		Operating & Transition Reserves	859,479	6,768
Total Development Cost	\$47,729,223	Total Development Cost (TDC)	47,729,223	375,821

The developer has secured a higher equity price from its investor, resulting in the project no longer needing the previously awarded loan from the Housing Commission. The developer has rescinded their loan award.

Developer Fee

\$2,200,000 – Gross developer fee

- 1,300,000 – Minus deferred developer fee

\$1,100,000 – Net cash developer fee

On April 25, 2017, the Housing Authority approved the “Request for Approval of Updated Developer Fees” (Report No. HAR17-011; Resolution No. HA-1727). That report approved certain developer fee guidelines for multifamily loans and bonds issuances. Attachment 1 to that report stated: “Developer Fee [for] 4% tax credits, in project costs: 15% eligible basis....” The proposed developer fee, complies with the HAR17-011 “Request for Approval of Updated Developer Fees” guidelines approved by the Housing Authority on April 25, 2017.

Development Cost Key Performance Indicators

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

Table 4 - Key Performance Indicators

Development Cost Per Unit	$\$47,729,223 \div 127 \text{ units} =$	\$375,821
Housing Commission Subsidy Per Unit	N/A	\$0
Land Cost Per Unit	$\$0 \div 127 \text{ units} =$	\$0
Gross Building Square Foot Hard Cost	$\$34,036,513 \div 51,850 \text{ sq. ft.} =$	\$656
Net Rentable Square Foot Hard Cost	$\$34,036,513 \div 46,800 \text{ sq. ft.} =$	\$727

Project Comparison Chart

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

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

Table 5 - Comparable Development Projects

New Construction Project Name	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject – Levant Senior	2022	127	\$47,729,223 (w/ prevailing wage)	\$375,821	\$0	\$656
Cortez Hill	2021	88	\$43,647,979 (with prev. wage)	\$496,000	\$56,818	\$526
Southwest Village	2021	81	\$40,314,147 (with prev. wage)	\$497,706	\$0	\$367
Nestor Senior Village	2021	74	\$31,510,305 (with prev. wage)	\$425,815	\$45,000	\$363

Levant Senior's hard costs per square foot are higher than is typical of multifamily rental housing because of various factors including: This is a large 4.49-acre, vacant site that will generate high costs for needed site work and to meet City of San Diego's storm water requirements. In addition, the County of San Diego approved this project and required under the project's land lease that most of the units must be one-story structures on multiple foundation pads, which is a more expensive construction type than is typical of multifamily rental housing. Necessary construction labor also is becoming scarce. The required payment of prevailing wages and higher costs due to inflation are significantly increasing the cost of lumber, steel, copper and other construction building materials as well. It should be noted that the project's \$375,821 total development cost per unit is lower than many new construction projects.

TAX EXEMPT AND TAXABLE MULTIFAMILY HOUSING REVENUE BONDS**Proposed Housing Bonds Financing**

The Housing Commission utilizes the Housing Authority's tax-exempt borrowing status to pass on lower interest rate financing (and make 4 percent low-income housing tax credits available) to developers of affordable rental housing. The Housing Authority's ability to issue Bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to the California Debt Limit Allocation Committee (CDLAC) for a bond allocation. On July 9, 2021, prior to submitting applications to CDLAC, the proposed development was

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presented to the Housing Commission. A bond inducement resolution was obtained prior to the application submittal to CDLAC. On September 9, 2021, an application was submitted to CDLAC for a bond allocation of up to \$22,877,000. On December 8, 2021, CDLAC approved the \$22,877,000 bond allocation, and CTCAC approved an allocation of 4 percent tax credits. The developer proposes that the bonds be issued 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 bonds disclosure. In addition, the developer proposes that the Housing Authority issue up to \$22,000,000 in taxable obligations, which do not require an allocation from CDLAC.

The financing amount that will ultimately be set will be based upon development costs, revenues and interest rates prevailing at the time of the bonds issuance. The financing proceeds will be used for both construction financing and permanent financing. Attachment 5 provides a general description of the Multifamily Housing Revenue Bond Program and the actions that must be taken by the Housing Authority and by the City Council to initiate and finalize proposed financings.

Public Disclosure and Bond Authorization

The tax-exempt debt, will be issued in the form of a Bond (issuance Series D-1) and will be sold through a direct purchase by JP Morgan Chase Bank N.A. (Chase). The taxable debt will be in the form of a Bond (issuance Series D-2), which will also be purchased by Chase.

Chase is a "qualified institutional buyer" within the meaning of the U.S. securities laws. At closing, Chase will sign an "Investor's Letter" certifying, among other things, that it is buying each of the D-1 Bonds and D-2 Bonds, as the case may be, for its own account and not for public distribution. Because such D-1 Bonds and D-2 Bonds are being sold through a private placement, an Official Statement will not be used. In addition, the D-1 Bonds and D-2 Bonds will be neither subject to continuing disclosure requirements, nor credit enhanced, nor rated.

Under the direct purchase structure for the Bonds, Chase will make a tax-exempt and taxable loan to the Housing Authority pursuant to the terms of a Funding Loan Agreement among Chase, the Housing Authority, and US Bank as the Trustee. The loans made by Chase to the Housing Authority (Funding Loan) will be evidenced by separate Bonds, which will obligate the Housing Authority to pay Chase the amounts it receives from the Borrower, as described below. The Housing Authority and the Borrower will enter into a Borrower Loan Agreement pursuant to which the proceeds of the Funding Loan will be advanced to the Borrower. In return, the Borrower agrees to pay the Trustee amounts sufficient for the Trustee to make payments on the Bonds. Under the direct purchase structure for the Bonds, Bonds will be issued under a Trust Indenture between the Housing Authority and US Bank as the Trustee (which will be the same institution as the Trustee for the Bonds). The Bonds will be payable from residual project revenues after payment of the Bonds. Bond proceeds will be loaned by the Housing Authority to the Borrower under a Loan Agreement.

The Housing Authority's obligation to make payments on the Bonds is limited to amounts the Trustee will receive from the Borrower under the Borrower Loan Agreement with respect to the Bonds and the Loan Agreement with respect to the Bonds, and no other funds of the Housing Authority are pledged to make payments on the tax-exempt Bonds and the taxable Bonds. The transfer of the tax-exempt Bonds and the taxable Bonds to any subsequent purchaser will comply with Housing Commission's "*Bond Issuance and Post-Issuance Compliance Policy*" (policy number PO300.301). Moreover, any subsequent Bond holder will be required to represent to the Housing Authority that it is a qualified

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institutional buyer or accredited investor who is buying such tax-exempt Bonds and the taxable Bonds for investment purposes and not for resale, and it has made due investigation of any material information necessary in connection with the purchase of the tax-exempt Bonds and the taxable Bonds.

The following documents will be executed on behalf of the Housing Authority with respect to the tax-exempt Bonds and taxable Bonds: the Funding Loan Agreement, the Borrower Loan Agreement, the Assignment of Deed of Trust, the Regulatory Agreement, the Loan Agreement and Trust Indenture, and other ancillary loan documents. At the time of docketing, documents in substantially final form will be presented to members of the Housing Authority. Any changes to the documents following Housing Authority approval require the consent of the City Attorney's Office and Bond Counsel. The Bonds will be issued pursuant to the Funding Loan Agreement, and the Bonds will be issued pursuant to the Trust Indenture. Based upon instructions contained in the Funding Loan Agreement and the Borrower Loan Agreement, Chase will disburse the Bond proceeds for eligible costs and will, pursuant to an assignment from the Housing Authority, receive payments from the Borrower. Bond proceeds will be disbursed by the Trustee pursuant to the direction of the Borrower.

The Borrower Loan Agreement and the Loan Agreement set out the terms of repayment and the security for the loan made by the Housing Authority to the Borrower, and the Housing Authority assigns its rights to receive repayments under the loan to Chase with respect to the Bonds and the Trustee with respect to the Bonds. The Regulatory Agreement will be recorded against the property to ensure the long-term use of the development as affordable housing. The Regulatory Agreement will also ensure that the development complies with all applicable federal and California State laws so that interest on the tax-exempt Bonds and the taxable Bonds remains tax-exempt. An Assignment of Deed of Trust, and other loan documents, will assign the Housing Authority's rights and responsibilities as the issuer to Chase and the Trustee on behalf of the Bondholders. These documents will be signed by the Housing Authority for the benefit of Chase and the Bondholders. Rights and responsibilities that are assigned to Chase and the Trustee include the right to collect and enforce the collection of loan payments, the right to monitor project construction and related budgets, plus the right to enforce insurance and other requirements. These rights will be used by Chase to protect its financial interests as the Bond holder.

Financial Advisor's Recommendation

Jones Hall will be the Bond counsel. Ross Financial will be the Bond financial advisor. The financial advisor's analysis and recommendation is at Attachment 6.

AFFORDABLE HOUSING IMPACT

Project-Based Vouchers (PBV)

The Housing Commission has provided a preliminary award recommendation of 70 Non-PSH PBVs for Levant Senior, which are for seniors age 55 and older with low income earning 25 to 40 percent of AMI, who will be selected from the Housing Commission's PBV waiting list. Levant Senior received an award for MHP funding, which requires 32 of the PBV units to be restricted for the Frail Elderly population. The recommendation for these 70 vouchers is contingent upon completion of a subsidy layering review, execution of an Agreement to Enter into Housing Assistance Payment and verification of services. Under the PBV program, the tenant's rent portion is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder being federally subsidized up to a gross rent level approved by the Housing Commission. The Housing Assistance Payment provides a rental subsidy for residents in Levant Senior's 70 voucher-assisted units. The tenants

will be selected from the Housing Commission's low-income PBV waiting list. Resident services will be provided by Wakeland.

Affordability

The Levant Senior development will be subject to applicable tax credit and Bond regulatory agreements, which will restrict affordability of 126 units for 55 years. The rent and occupancy restrictions required by CTCAC will apply.

Table 6 – Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
Studios (350 square feet) – Voucher units for Frail Elderly tenants	25% (currently \$21,250/year for a one-person household)	14	\$530
One bedrooms (500 sq. ft.) Voucher units for Frail Elderly tenants	25% (currently \$24,250/year for a two-person household)	18	\$568
Subtotal Voucher units for Frail Elderly tenants	--	32	--
Studios (350 square feet) - Voucher units	30% (currently \$25,450/year for a one-person household)	13	\$636
Studios (350 square feet) – Voucher units	40% (currently \$33,950/year for a one-person household)	25	\$849
Subtotal Voucher units for non-Frail Elderly tenants	--	38	--
Studios (350 square feet)	40% (currently \$33,950/year for a one-person household)	7	\$849
Studios (350 square feet)	50% (currently \$42,450/year for a one-person household)	49	\$1,061
Subtotal Non-Voucher Units	--	56	--
Subtotal Affordable Residential Units	--	126	--
Manager's two bedrooms unit (780 sq. ft.)	--	1	\$0
Total Units	--	127	--

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this proposed action are included in the Housing Authority-approved Fiscal Year (FY) 2022 Housing Commission Budget.

Funding sources approved by this action will be as follows

Bond Issuer Fee:

\$ 57,193 Tax-exempt Bond (\$22,877,000 X .0025 = \$57,193)
 + 55,000 Taxable Bond (\$22,000,000 X 0.0025 = \$55,000)
 \$112,193 Total Issuer Fee

Total Funding Sources – up to \$112,193

Funding uses approved by this action

Administrative costs: \$112,193

Total Funding Uses: up to \$112,193

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

The Housing Commission will have an option to purchase the development at the end of the 15-year tax credit compliance period.

Development Schedule

The estimated development timeline is as follows:

Milestones	Estimated Dates
• Housing Authority consideration of Bond authorization	• May 24, 2022
• City Council TEFRA resolution authorization	• May 24, 2022
• Estimated Bond issuance and escrow/loan closing	• May 31, 2022
• Estimated start of construction work	• June 3, 2022
• Estimated completion of construction work	• January 2024

HOUSING COMMISSION STRATEGIC PLAN

This item relates to Strategic Priority Area No. 1 , in the Housing Commission's Strategic Plan for Fiscal Year (FY) 2022- 2024: Increasing and Preserving Housing Solutions.

PREVIOUS SAN DIEGO HOUSING COMMISSION BOARD ACTION

On May 5, 2022, the San Diego Housing Commission Board of Commissioners voted 5-0 to recommend that the Housing Authority of the City of San Diego take the staff-recommended actions in this report.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

The proposed development is in the Linda Vista neighborhood. On October 26, 2020, the Levant Senior development was presented to the Linda Vista Planning Group, which voted 9-0 to approve (the chair abstained).

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Wakeland as the developer, the Housing Commission as a proposed bond issuer, Chase as a proposed lender, the State of California as a proposed lender, the County of San Diego as the property lessor, and the Linda Vista neighborhood. The development is anticipated to have a positive impact on the community as it will contribute to the quality of the surrounding neighborhood, contribute to a better quality of life for the proposed development's tenants, and create 180 new affordable rental homes for families.

STATEMENT for PUBLIC DISCLOSURE

The developer's Disclosure Statement is at Attachment 7.

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ENVIRONMENTAL REVIEW

This project is covered under the Linda Vista Community Plan Update Environmental Impact Report (EIR No. 96-0114), which was certified by the San Diego City Council on December 1, 1998 (Resolution R-291024). The project is adequately addressed in the in the Program Environmental Impact Report (PEIR), and there is no change in circumstance, additional information, or project changes to warrant additional environmental review pursuant to the provisions of CEQA Guidelines 15162(a). Because the prior environmental document adequately covered this project as a part of the previously approved project, the activity is not a separate project for purposes of CEQA review pursuant to CEQA Guidelines Section 15378(c) and Section 15060(c) (3). Federal funds constitute a portion of this project's funding. Initial NEPA approvals were received from the City of San Diego on June 23, 2020 and HUD on August 21, 2020 and August 27, 2020. NEPA approvals for supplemental funding were received from the City of San Diego on March 3, 2021 and April 22, 2022.

Respectfully submitted,



Colin Miller
Vice President
Multifamily Housing Finance
Real Estate Division

Approved by,



Jeff Davis
Interim President & Chief Executive Officer
San Diego Housing Commission

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

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

ATTACHMENT 1 – DEVELOPMENT SUMMARY

Table 1 - Development Details

Address	6950 Levant Street, San Diego
Council District	7
Community Plan Area	Linda Vista Planning Group
Developer	Wakeland Housing and Development Corporation (Wakeland)
Development Type	New construction (for seniors)
Construction Type	Type V (stucco with wood frame)
Parking Type	45 parking spaces (surface)
Mass Transit	Metropolitan Transit District route #41 has a bus stop located at Genesee Avenue and Osler Street, which is approximately .09 mile from the site.
Housing Type	Multifamily, 19 one-story buildings and two two-story buildings
Lot Size	One parcel totaling 4.49 acres, 195,584 square feet
Units	127 (126 affordable units)
Density	28.22 dwelling units per acre (127 units ÷ 4.5 acres)
Unit Mix	126 affordable units: 108 studios, 18 one-bedrooms, and one unrestricted two-bedroom manager's unit.
Gross Building Area	51,850 square feet
Net Rentable Area	46,800 square feet
Project Based Vouchers	70 Non-PSH Project-Based Vouchers (PBVs) for low-income seniors (age 55+) selected from the Housing Commission's PBV waiting list. Also, State of California Multifamily Housing Program (MHP) funding will require 32 of the PBV units to be restricted for the Frail Elderly population.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	Wakeland Housing and Development Corporation
Owner/Borrower	Levant Senior Cottages LP
Managing General Partner	Wakeland Levant LLC
Administrative General Partner	San Diego Kind Corporation
Tax Credit Investor Limited Partner	Boston Financial Investment Management
Architect	Roesling, Nakamura, Terada Architects
General Contractor	Allgire General Contractors
Property Management	ConAm Management Corporation

Table 3 – Levant Senior Estimated Permanent Sources and Uses

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts	Per Unit
Tax-exempt permanent Bond	\$8,832,360	Land & acquisition/holding costs	\$38,000	\$299
California State Department of Housing & Community Development Multifamily Housing Program loan	19,080,000	Construction Costs \$33,720,875 Contingency <u>+1,686,044</u> Total contingency 35,406,919	35,406,919	278,795
Housing Commission loan	1,000,000	Financing costs	6,563,497	51,681
4 percent tax credit equity	20,712,435	Other soft costs	585,000	4,606
Deferred developer fee	1,300,000	Developer fee	3,500,000	27,559
		Local permits and fees	2,695,000	21,220
		Architect &Engineering	1,510,000	11,890
		Soft costs contingency	341,379	2,689
		Legal & Accounting costs	285,000	2,244
Total Development Cost	\$50,924,795	Total Development Cost (TDC)	\$50,924,795	\$400,983

Table 4 - Key Performance Indicators

Development Cost Per Unit	\$50,924,795 ÷ 127 units =	\$400,983
Housing Commission Subsidy Per Unit	\$1,000,000 ÷ 127 units =	\$7,874
Land Cost Per Unit	\$25,000 ÷ 127 units =	\$197
Gross Building Square Foot Hard Cost	\$35,406,919 ÷ 51,850 sq. ft. =	\$683
Net Rentable Square Foot Hard Cost	\$35,406,919 ÷ 46,800 sq. ft. =	\$757

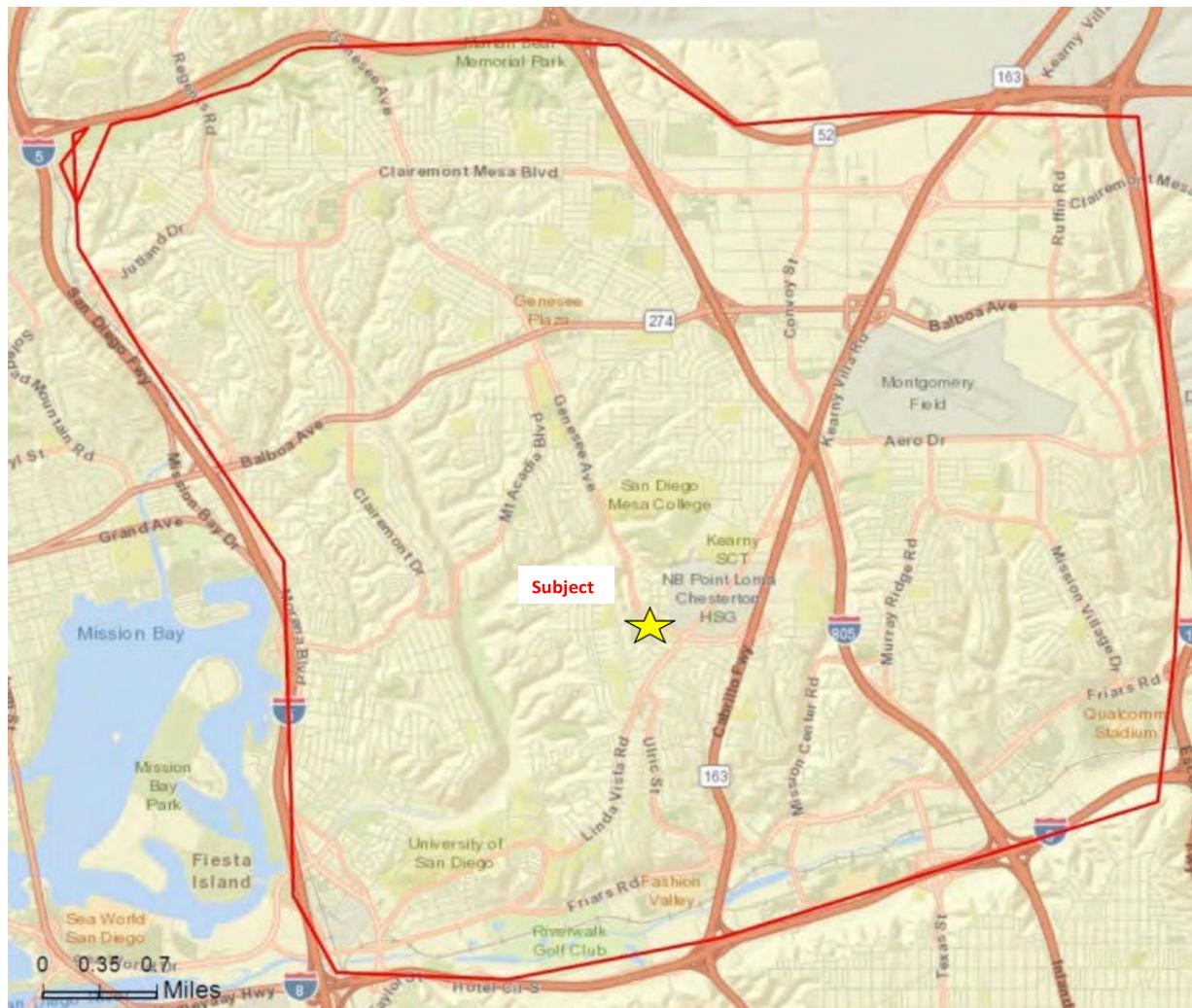
Table 5 - Comparable Development Projects

New Construction Project Name	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject – Levant Senior	2022	127	\$50,924,795 (w/ prevailing wage)	\$400,983	\$7,874	\$683
Cortez Hill	2021	88	\$43,647,979 (with prev. wage)	\$496,000	\$56,818	\$526
Southwest Village	2021	81	\$40,314,147 (with prev. wage)	\$497,706	\$0	\$367
Nestor Senior Village	2021	74	\$31,510,305 (with prev. wage)	\$425,815	\$45,000	\$363

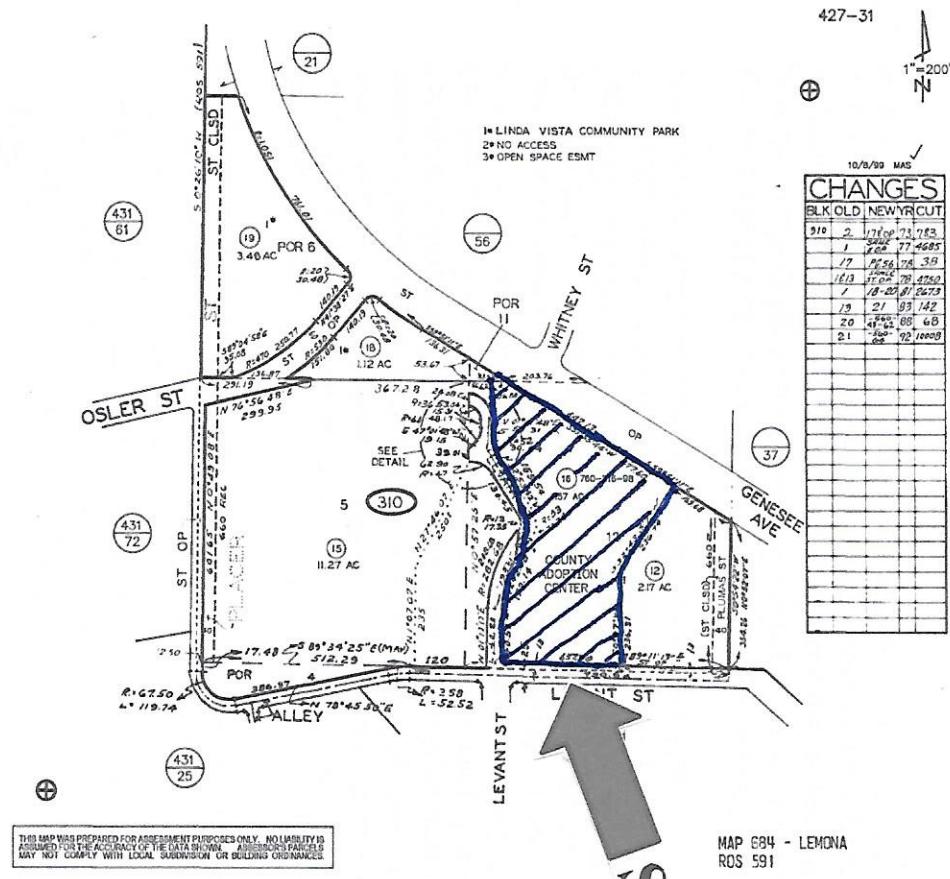
Table 6 – Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
Studios (350 square feet) – Voucher units for Frail Elderly tenants	25%	14	\$530
One bedrooms (500 sq. ft.) Voucher units for Frail Elderly tenants	25%	18	\$568
Subtotal Voucher units for Frail Elderly tenants	--	32	--
Studios (350 square feet)`- Voucher units	30%	13	\$636
Studios (350 square feet) – Voucher units	40%	25	\$849
Subtotal Voucher units for non-Frail Elderly tenants	--	38	--
Studios (350 square feet)	40%	7	\$849
Studios (350 square feet)	50%	49	\$1,061
Subtotal Non-Voucher Units	--	56	--
Subtotal Affordable Residential Units	--	126	--
Manager's two bedrooms unit (780 sq. ft.)	--	1	\$0
Total Units	--	127	--

ATTACHMENT 2 – SITE MAP



ATTACHMENT 2A – SITE MAP

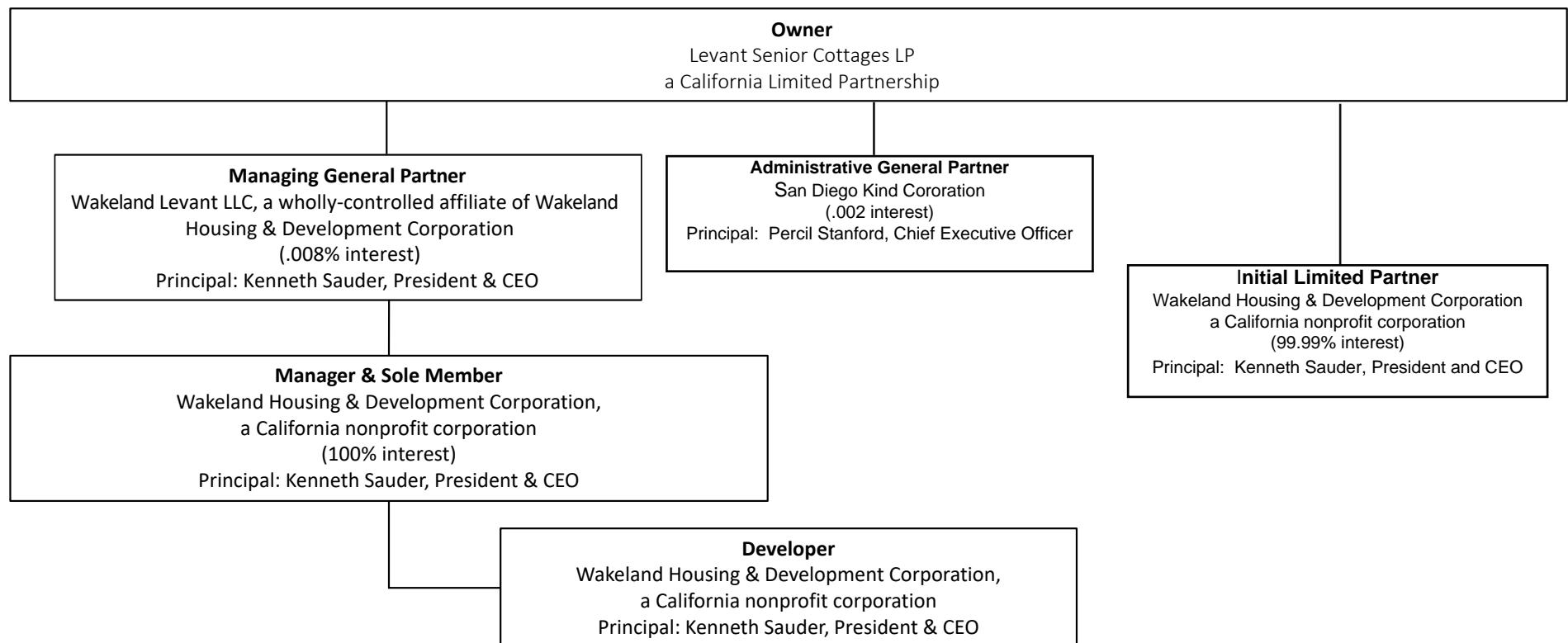


ATTACHMENT 3 - ORGANIZATION CHART



Levant Senior Cottages

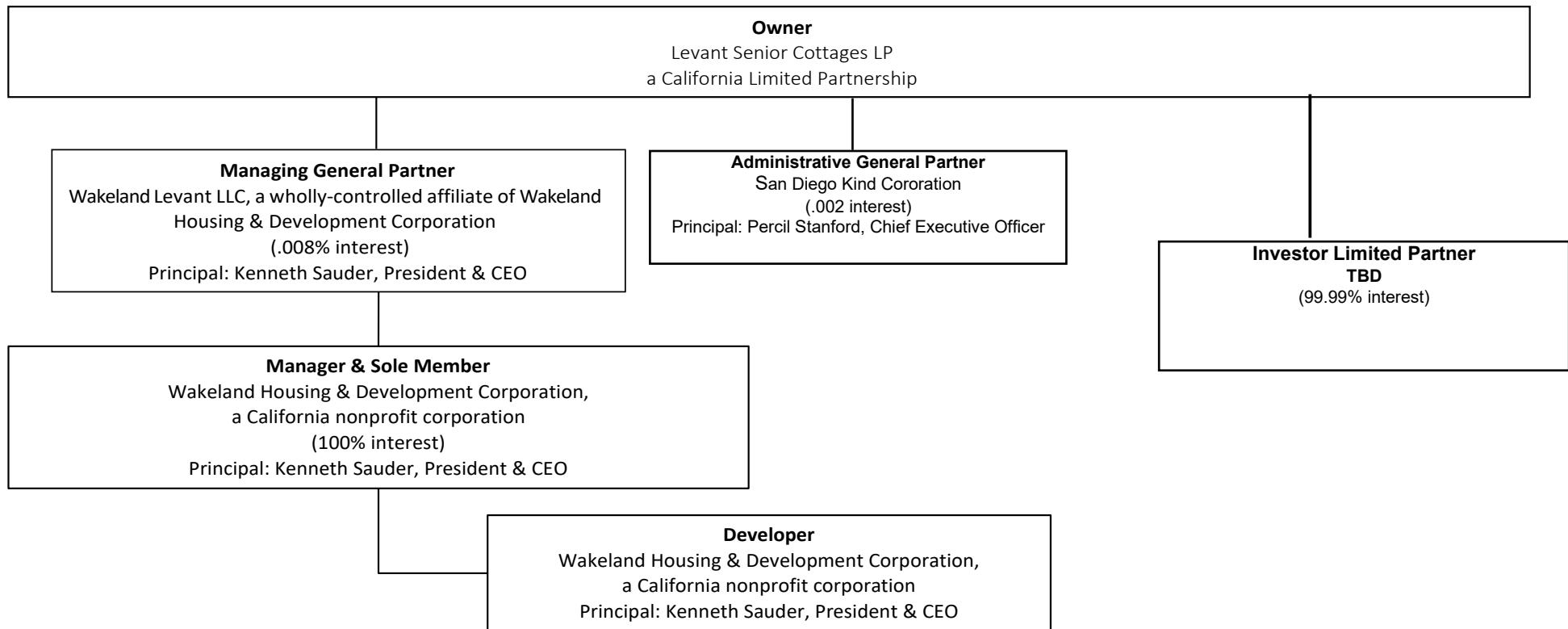
Pre-Closing/Current Organizational Chart





Levant Senior Cottages

Post Closing Organizational Chart



ATTACHMENT 4 - DEVELOPER'S PROJECT PRO FORMA

Levant Street Cottages

126 Units

LIHTC

RUN DATE: 03/28/22

DEVELOPMENT SCHEDULE

Units for Rent		126
Manager's Units		1
Total Number of Units		<hr/> 127
Density Per Acre	4.50 Acres	
Construction Start		28.22
Completion/Certificate of Occupancy		
Construction Period (Months)		
Start of Leasing		
Units Leased per Month		
Stabilized Occupancy		
Lease-Up Period (Months)		
Permanent Loan Takeout		
Total Months - Const Start to Takeout		

SOURCES AND USES OF FUNDS

	per unit	Construction	Permanent	Final Perm.
USES:				
Land/Acquisition	\$299	\$38,000	\$38,000	\$38,000
Design & Engineering	\$11,890	1,510,000	1,510,000	1,510,000
Legal/Financial/Other Consultants	\$2,244	285,000	285,000	285,000
Permits & Fees	\$21,220	2,695,000	2,695,000	2,695,000
Bridge Loan Interest	\$0	0	0	0
Direct Building Construction	\$265,519	33,720,875	33,720,875	33,720,875
Financing Costs	\$51,681	5,142,514	5,653,497	6,563,497
Marketing/General & Administrative/security	\$4,606	585,000	585,000	585,000
Developer Fees	\$27,559	875,000	3,500,000	3,500,000
Hard Cost Contingency	\$13,276	1,686,044	1,686,044	1,686,044
Soft Cost Contingency	\$2,688	341,379	341,379	341,379
Total Project Uses	\$400,983	\$6,878,812	\$50,924,795	\$50,924,795

SOURCES:

Tax Credit Equity	*	163,090	\$2,071,243	\$20,712,435	\$20,712,435
Perm. Loan		69,546	0	8,832,360	8,832,360
Section 8 Increment Loan		0	0	0	0
GP Capital Contribution		0	0	0	0
Construction Loan		0	43,807,568	0	0
Deferred Developer Fees		10,236	0	1,300,000	1,300,000
SDHC Accrued/Deferred Interest		0	0	0	0
Lease County of San Diego		0	0	0	0
SDHC		7,874	1,000,000	1,000,000	1,000,000
NPLH COSR		0	0	0	0
MHP (Perm only)		150,236	0	19,080,000	19,080,000
Gap		0	0	0	0
Proportionate Reduction for Offsites					
Total Project Sources		\$400,983	\$46,878,812	\$50,924,795	\$50,924,795
Public Funds	39.43%				
Basis Reduction:	0.0%			Tiebreaker	79.17%

RESIDENTIAL UNIT MIX/AFFORDABILITY ANALYSIS

DEBT FINANCING ASSUMPTIONS

CONSTRUCTION LOAN:	
Construction Loan Interest Rate	5.00%
Credit Loan Fee	75.00%
PERMANENT LOAN:	
Permanent Loan Rate	5.50%
Permanent Loan Constant	6.88%
Loan Points and Fees	0.00%
Debt Service Coverage Ratio	1.30
Loan Underwriting Term (Years)	30
Construction Loan to Value Ratio	75.30%
Capitalization Rate	4.50%
Project Value (NOI/Cap Rate)	17,385,044
Maximum Loan to Cost Ratio	100.00%
Cash Available for Debt Service after MHP	782,327
Loan to Value Ratio (restricted)	80.00%
Permanent Loan	8,832,360
Annual Payment	601,790
Actual DSC	1.300

OTHER DEBT/LOANS:
Interest Rate
Loan Points and Fees
Loan Term (Years)

Credit Year	2021
Federal Tax Credit Rate	4.00%
State Tax Credit Rate	0.00%
Difficult to Develop %	130.00%
Applicable Fraction	100.00%
Adjusted Eligible Basis	55,091,772
Annual Tax Credits	2,203,671
Investor Yield on 99% of Total Credit Allocation	94.00%
Gross Investor Contribution to Lower Tier	20,712,435
Deferred Pay-In on Tax Credit Equity	0

Property Taxes:	
Tax Rate	1.18%
Existing Property Basis (per unit)	0
New Unit Basis (per unit)	
Ground Lease:	
Return on Ground Lease	0.00%
Inflation Indexes:	
Income Inflator	2.50%
Expense Inflator	3.50%
Real Estate Tax Inflator	2.00%

866	
900	\$3
0	
0	
<u>51,846</u>	sq. ft.

Levant Street Cottages

DEVELOPMENT COST BUDGET

DESCRIPTION	Amort Per.	Permanent Budget	Construction BUDGET
Land Market Value		0	0
Environmental Remediation and Rough grade		0	0
Site Clean up		25,000	25,000
Holding Costs During Predevelopment		0	0
Title & Insurance		0	0
LAND ACQUISITION & CLOSING		25,000	25,000
Architect/Mechanical/Structural/Electrical		650,000	650,000
Design/Landscape Arch-Const Observation		175,000	175,000
Civil Engineer + Utilities (w. their reimbursables)		230,000	230,000
Energy		75,000	75,000
Soils Engineering		10,000	10,000
Surveying		15,000	15,000
Environmental Consultants (Phase 1 & 2; air, noise)		15,000	15,000
Entitlement Costs		10,000	10,000
Other Consultants (includes SDKIND)		300,000	300,000
Reimbursable Exp's-Pre-Dev't		15,000	15,000
Reimbursable Exp's-Construction		15,000	15,000
Contingency		75,500	75,500
DESIGN & ENGINEERING		1,585,500	1,585,500
Legal/Project Development		85,000	85,000
Perm Lender		20,000	20,000
Legal-Bond Counsel		60,000	60,000
Legal-Tax Credit		30,000	30,000
Legal - Construction Lender		60,000	60,000
City Cost Review & Legal		0	0
Legal - Bond Issuer SDHC		0	0
Accounting & Auditing		30,000	30,000
Contingency		14,250	14,250
LEGAL/FINANCIAL/OTHER		299,250	299,250
Permits & Fees (City & Utilities)		2,300,000	2,300,000
Utilities, Testing & Inspections		40,000	40,000
Developer Performance Bonds		15,000	15,000
Prevailing Wage Monitoring Consultant		140,000	140,000
Construction Manager		200,000	200,000
Contingency	5.00%	134,750	134,750
PERMITS/BONDS/FEES		2,829,750	2,829,750
Off-Site Imp's/Infrastructure		0	0
On-Site Imp's/Infrastructure		1,817,000	1,817,000
Transportation Related Infrastructure (AHSC) (Specific Items TBD)		0	0
Contingency	5.00%	90,850	90,850
SITE IMP'S/INFRASTRUCTURE		1,907,850	1,907,850
Building Costs		27,884,997	27,684,997
Solar Fixtures/Green Infrastructure (not in GC contract)	\$0	0	0
General Conditions	7.00%	0	2,066,685
Contractor Overhead	2.00%	0	631,815
Contractor's Fee	3.00%	0	966,677
Contractor Bond & Liability Insurance	2.00%		553,700
Prevailing Wages		0	0
Contingency	5.00%	1,595,194	1,595,194
Residential Construction Subtotal		33,499,068	33,499,068
Commercial Construction Subtotal		0	0
TOTAL DIRECT CONSTRUCTION		33,499,068	33,499,068
	33,720,875		
Construction Interest		3,402,929	3,402,929
Interest on SDHC Loan		0	0
Aquisition Loan Interest + Fees		0	0
Predevelopment Interest - Wakeland loan		150,000	150,000
Constr. Lender & Predev. Appraisals & Cost Review		20,000	20,000
Construction Lender Inspections		25,000	25,000
Constr. Period Lender fee		328,557	328,557
Escrow/Title Fees-Construction Loan		25,000	25,000
Permanent Loan Points		0	0
Permanent Loan Conversion Fees + Legal		49,623	0
Permanent Loan Appraisal, Environ. Review, ALTA, etc.		25,000	0
SDHC Underwriting fee and Legal		115,000	115,000
SDHC Issue Expense		50,000	50,000
SDHC Issuer Fee		57,913	57,913
SDHC Prepaid annual fee		28,596	28,596
SDHC Application Fee		13,000	13,000
Escrow/Title Fees-Permanent Loan		15,000	0
Construction Period Insurance		400,000	400,000
CDLAC		15,000	15,000
SDHC Issuer fees/legal		125,000	125,000
6-month Operating Reserve		816,360	0
Transition Reserve		440,000	0
Property Taxes & Organizational Fees		125,000	100,000
Insurance		50,000	0
TCAC Application and Allocation Fees		90,147	90,147
TCAC Performance Deposit		7,713	7,713
TCAC Monitoring Fees	\$410	51,660	51,660
Contingency	5.00%	80,129	80,129
FINANCING COSTS		6,506,626	5,085,643
Furnishings & Signage		200,000	200,000
Lease-Up/Advertising Expenses (includes PACE lease up of 21		150,000	150,000
Security		210,000	210,000
Market Study		25,000	25,000
Syndicator/Syndication Consultant		150,000	150,000
Contingency	5.00%	36,750	36,750
MARKETING/GEN & ADMIN		771,750	771,750
		0	0
DEVELOPER FEES	8.57%	3,500,000	875,000
TOTAL PROJECT COSTS		50,924,795	46,878,812

Levant Street Cottages**TAX CREDIT CALCULATIONS**

	Federal Tax Credits	State Tax Credits
Preliminary Eligible Basis	42,378,286	42,378,286
Deductions from Eligible Basis:		
Grant Proceeds Used to Finance Costs in Eligible Basis	0	0
Federal Loans Used to Finance Costs in 9% Eligible Basis	0	0
Non-Qualified Non-Recourse Financing	0	0
Non-Qualifying Portion of Higher Quality Units	0	0
Historic Credit (Residential Portion Only)	0	0
Total Deductions from Eligible Basis	0	0
Total Eligible Basis	42,378,286	42,378,286
High Cost Area Adjustment	<u>130.00%</u>	<u>100.00%</u>
Total Adjusted Eligible Basis	55,091,772	42,378,286
Applicable Fraction	<u>100.00%</u>	<u>100.00%</u>
Total Qualified Basis	55,091,772	42,378,286
Tax Credit %	<u>4.00%</u>	<u>30.00%</u>
Total Annual Tax Credits	2,203,671	0
LP Share of Credits	<u>99.99%</u>	<u>99.99%</u>
Credits Available to Equity Provider	2,203,451	0
Credit Period	<u>10</u>	<u>1</u>
Total Credit Allocation	22,034,505	0
Investor Yield	<u>0.940000</u>	<u>0.650000</u>
Gross Investor Contribution	20,712,435	0
Less Lower Tier Syndication Expenses:		
Legal - Syndication	0	0
Syndication Consulting	0	0
Syndication Accounting	0	0
Total Syndication Expenses	0	0
Total Investor Contribution	<u>20,712,435</u>	0

Levant Street Cottages
PROJECT CASH FLOW

	2.5%/ann. increase	YEAR	2021									
			1	2	3	4	5	6	7	8		
RENTAL REVENUES:												
Gross Potential Rent (Affordable Units)			1,260,828	1,292,349	1,324,658	1,357,774	1,391,718	1,426,511	1,462,174	1,498,728		
Gross Potential Rent (section 8)			875,652	897,543	919,982	942,982	966,557	990,721	1,015,489	1,040,876		
Laundry/Other	\$12.00		18,288	18,745	19,214	19,694	20,186	20,691	21,208	21,738		
COSR			0	0	0	0	0	0	0	0		
Vacancy Allowance	5.00%		(63,956)	(65,555)	(67,194)	(68,873)	(70,595)	(72,360)	(74,169)	(76,023)		
Vacancy Allowance Section 8	5.00%		(43,783)	(44,877)	(45,999)	(47,149)	(48,328)	(49,536)	(50,774)	(52,044)		
Net Rental Income			2,047,029	2,098,205	2,150,661	2,204,428	2,259,538	2,316,027	2,373,928	2,433,275		
PROPERTY OPERATING COSTS:	3.5%/ann. increase											
Administrative Expenses:												
Office Supplies & Equipment	\$200 /mo.		2,400	2,484	2,571	2,661	2,754	2,850	2,950	3,053		
Payroll Services	\$40 /mo.		480	497	514	532	551	570	590	611		
Office Salaries	\$200 /mo.		2,400	2,484	2,571	2,661	2,754	2,850	2,950	3,053		
Telephone/Answering Service/Internet	\$900 /mo.		10,800	11,178	11,569	11,974	12,393	12,827	13,276	13,741		
Auto Expense	\$100 /mo.		1,200	1,242	1,285	1,330	1,377	1,425	1,475	1,527		
Training & Travel	\$100 /mo.		1,200	1,242	1,285	1,330	1,377	1,425	1,475	1,527		
Misc. Administrative Expense	\$200 /mo.		2,400	2,484	2,571	2,661	2,754	2,850	2,950	3,053		
Resident Services (Wakeland)	\$0 /mo.		40,000	41,400	42,849	44,349	45,901	47,507	49,170	50,891		
County of San Diego Admin Fees			10,000	10,100	10,201	10,303	10,406	10,510	10,615	10,721		
SDHC Compliance Monitoring	\$150 /pu/py		18,900	19,089	19,280	19,473	19,667	19,864	20,063	20,263		
Bond Issuer Fee			10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
Marketing Expense:												
Advertising			2,000	2,070	2,142	2,217	2,295	2,375	2,458	2,544		
Professional Fees:												
Property Management Fees	\$50.00 pu/py		76,200	78,867	81,627	84,484	87,441	90,501	93,669	96,947		
Accounting	\$0 /mo.		0	0	0	0	0	0	0	0		
Legal Fees	\$100 /mo.		1,800	1,863	1,928	1,995	2,065	2,137	2,212	2,289		
Auditing Expense	\$800 /mo.		10,000	10,350	10,712	11,087	11,475	11,877	12,293	12,723		
Utilities:												
Electricity tenant	\$100.00 u/mo		152,400	157,734	163,255	168,969	174,883	181,004	187,339	193,896		
Elec (community center and laundry)	\$30.00 u/mo		45,720	47,320	48,976	50,690	52,464	54,300	56,201	58,168		
Water and Sewer	\$110.00 u/mo		167,640	173,507	179,580	185,865	192,370	199,103	206,072	213,285		
Payroll/Payroll Taxes:												
Salaries-Manager	\$4,400 /mo.		52,800	54,648	56,561	58,541	60,590	62,711	64,906	67,178		
Salaries-Assistant Manager	\$2,600 /mo.		31,200	32,292	33,422	34,592	35,803	37,056	38,353	39,695		
Salaries-Security	\$0 /mo.		0	0	0	0	0	0	0	0		
Salaries-Maintenance Supervisor	\$4,200 /mo.		50,400	52,164	53,990	55,880	57,836	59,860	61,955	64,123		
Salaries-Maintenance Personnel	\$2,600 /mo.		31,200	32,292	33,422	34,592	35,803	37,056	38,353	39,695		
Wellness Coordinator	\$0 /mo.		0	0	0	0	0	0	0	0		
Payroll Taxes	10.000%		16,550	17,140	17,740	18,361	19,003	19,668	20,357	21,069		
Workers Compensation	6.000%		9,936	10,284	10,644	11,017	11,403	11,802	12,215	12,643		
Health Insurance/Other Benefits	\$1,700 /mo.		20,400	21,114	21,853	22,618	23,410	24,229	25,077	25,955		
Contract Services:												
Exterminating	\$10 /unit/mo		15,240	15,773	16,325	16,896	17,487	18,099	18,732	19,388		
Trash Removal	\$41.00 u/mo		62,580	64,770	67,037	69,383	71,811	74,324	76,925	79,617		
Other maintenance	\$400 /mo.		4,800	4,968	5,142	5,322	5,508	5,701	5,901	6,108		
Building/Grounds Maintenance	\$3,300.00 mo		39,600	40,986	42,421	43,906	45,443	47,034	48,680	50,384		
Janitorial	\$10.00 u/mo		15,240	15,773	16,325	16,896	17,487	18,099	18,732	19,388		
Repair	\$300.00 /mo		3,600	3,726	3,856	3,991	4,131	4,276	4,426	4,581		
Security			60,000	62,100	64,274	66,524	68,852	71,262	73,756	76,337		
Cleaning & Decorating:			0									
Painting Supplies	\$5.00 /u/mo		7,620	7,887	8,163	8,449	8,745	9,051	9,368	9,696		
Turnover	\$100.00 /u/yr		12,700	13,145	13,605	14,081	14,574	15,084	15,612	16,158		
Repairs & Maintenance:												
Repairs & Maintenance General	\$1,700.00 /mo		20,400	21,114	21,853	22,618	23,410	24,229	25,077	25,955		
Elevator	\$400.00 /mo		4,800	4,968	5,142	5,322	5,508	5,701	5,901	6,108		
TOTAL VARIABLE COSTS			\$7,989 /unit	1,014,616	1,049,055	1,084,690	1,121,569	1,159,732	1,199,218	1,240,084	1,282,371	
Taxes & Insurance:												
Real Property Tax Assessment	\$100 /unit		12,700	12,954	13,213	13,477	13,747	14,022	14,302	14,588		
Director's & Officer's Insurance	\$0 /mo.		0	0	0	0	0	0	0	0		
Misc Taxes/Licenses/Permits	\$100 /mo.		1,200	1,242	1,285	1,330	1,377	1,425	1,475	1,527		
Insurance	\$650 /unit		82,550	85,439	88,429	91,524	94,727	98,042	101,473	105,025		
Fidelity Bond Insurance	\$0 /mo.		0	0	0	0	0	0	0	0		
SDHC Fixed Annual Payment				0	0	0	0	0	0	0		
TOTAL FIXED COSTS				96,450	99,635	102,927	106,331	109,851	113,489	117,250	121,140	
TOTAL OPERATING COSTS				\$8,749 /unit	1,111,066	1,148,690	1,187,617	1,227,900	1,269,583	1,312,707	1,357,334	1,403,511
NET OPERATING INCOME:					935,963	949,515	963,044	976,528	989,955	1,003,320	1,016,594	1,029,764
CASH FLOW FROM OPERATIONS:												
Net Operating Income					935,963	949,515	963,044	976,528	989,955	1,003,320	1,016,594	1,029,764
Replacement Reserve	9,249	\$500 pupy		63,500	65,723	68,023	70,404	72,868	75,418	78,058	80,790	
SDHC Hard Debt		\$0 per mo.		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
CASH FLOW AVAILABLE FOR DEBT SERVICE				862,463	883,792	895,021	906,124	917,087	927,902	938,536	948,974	
Cash Flow				862,463	883,792	895,021	906,124	917,087	927,902	938,536	948,974	
MPH Debt service	19,080,000	0.42%		80,136	80,136	80,136	80,136	80,136	80,136	80,136	80,136	
Cash Flow after MPH				782,327	803,656	814,885	825,988	836,951	847,766	858,400	868,838	
Debt Service - First Trust Deed	8,832,360			(601,790)	(601,790)	(601,790)	(601,790)	(601,790)	(601,790)	(601,790)	(601,790)	
Cash Flow After Debt Service				180,537	201,866	213,095	224,198	235,161	245,976	256,610	267,048	
Total Cash Flow After Debt Service				180,537	201,866	213,095	224,198	235,161	245,976	256,610	267,048	
General Partner Asset Mgt Fee				(17,500)	(18,025)	(18,566)	(19,123)	(19,696)	(20,287)	(20,896)	(21,523)	
Limited Partner Asset Mgmt. Fee				(7,500)	(7,725)	(7,957)	(8,195)	(8,441)	(8,695)	(8,955)	(9,224)	
CASH FLOW AVAILABLE FOR RESIDUAL RECEIPTS PAYMENTS				155,537	176,116	186,572	196,880	207,024	216,994	226,759	236,301	

Levant Street Cottages
PROJECT CASH FLOW

	2.5%/ann. increa										
	9	10	11	12	13	14	15	16	17	18	
RENTAL REVENUES:											
Gross Potential Rent (Affordable Units)	1,536,196	1,574,601	1,613,966	1,654,315	1,695,673	1,738,065	1,781,517	1,826,055	1,871,706	1,918,499	
Gross Potential Rent (section 8)	1,066,898	1,093,570	1,120,909	1,148,932	1,177,655	1,207,096	1,237,273	1,268,205	1,299,910	1,332,408	
Laundry/Other	22,281	22,838	23,409	23,994	24,594	25,209	25,839	26,485	27,147	27,826	
COSR	0	0	0	0	0	0	0	0	0	0	
Vacancy Allowance	(77,924)	(79,872)	(81,869)	(83,915)	(86,013)	(88,164)	(90,368)	(92,627)	(94,943)	(97,316)	
Vacancy Allowance Section 8	(53,345)	(54,679)	(56,045)	(57,447)	(58,883)	(60,355)	(61,864)	(63,410)	(64,996)	(66,620)	
Net Rental Income	2,494,106	2,556,458	2,620,370	2,685,879	2,753,026	2,821,851	2,892,397	2,964,708	3,038,824	3,114,797	
PROPERTY OPERATING COSTS:	3.5%/ann. increa										
Administrative Expenses:											
Office Supplies & Equipment	3,160	3,271	3,385	3,503	3,626	3,753	3,884	4,020	4,161	4,307	
Payroll Services	632	654	677	701	726	751	777	804	832	861	
Office Salaries	3,160	3,271	3,385	3,503	3,626	3,753	3,884	4,020	4,161	4,307	
Telephone/Answering Service/Internet	14,222	14,720	15,235	15,768	16,320	16,891	17,482	18,094	18,727	19,382	
Auto Expense	1,580	1,635	1,692	1,751	1,812	1,875	1,941	2,009	2,079	2,152	
Training & Travel	1,580	1,635	1,692	1,751	1,812	1,875	1,941	2,009	2,079	2,152	
Misc. Administrative Expense	3,160	3,271	3,385	3,503	3,626	3,753	3,884	4,020	4,161	4,307	
Resident Services (Wakeland)	52,672	54,516	56,424	58,399	60,443	62,558	64,748	67,014	69,359	71,787	
County of San Diego Admin Fees	10,829	10,937	11,046	11,157	11,268	11,381	11,495	11,610	11,726	11,843	
SDHC Compliance Monitoring	20,466	20,871	20,877	21,086	21,297	21,510	21,725	21,942	22,162	22,383	
Bond Issuer Fee	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
Marketing Expense:											
Advertising	2,633	2,725	2,820	2,919	3,021	3,127	3,236	3,349	3,466	3,587	
Professional Fees:											
Property Management Fees	100,340	103,852	107,487	111,249	115,143	119,173	123,344	127,661	132,129	136,754	
Accounting	0	0	0	0	0	0	0	0	0	0	
Legal Fees	2,369	2,452	2,538	2,627	2,719	2,814	2,912	3,014	3,119	3,228	
Auditing Expense	13,168	13,629	14,106	14,600	15,111	15,640	16,187	16,754	17,340	17,947	
Utilities:											
Electricity tenant	200,682	207,706	214,976	222,500	230,288	238,348	246,690	255,324	264,260	273,509	
Elec (community center and laundry)	60,204	62,311	64,492	66,749	69,085	71,503	74,006	76,596	79,277	82,052	
Water and Sewer	220,750	228,476	236,473	244,750	253,316	262,182	271,358	280,856	290,686	300,860	
Payroll/Payroll Taxes:											
Salaries-Manager	69,529	71,963	74,482	77,089	79,787	82,580	85,470	88,461	91,557	94,761	
Salaries-Assistant Manager	41,084	42,522	44,010	45,550	47,144	48,794	50,502	52,270	54,099	55,992	
Salaries-Security	0	0	0	0	0	0	0	0	0	0	
Salaries-Maintenance Supervisor	66,367	68,690	71,094	73,582	76,157	78,822	81,581	84,436	87,391	90,450	
Salaries-Maintenance Personnel	41,084	42,522	44,010	45,550	47,144	48,794	50,502	52,270	54,099	55,992	
Wellness Coordinator	0	0	0	0	0	0	0	0	0	0	
Payroll Taxes	21,806	22,570	23,360	24,177	25,023	25,899	26,806	27,744	28,715	29,720	
Workers Compensation	13,086	13,544	14,018	14,509	15,017	15,543	16,087	16,650	17,233	17,836	
Health Insurance/Other Benefits	26,863	27,803	28,776	29,783	30,825	31,904	33,021	34,177	35,373	36,611	
Contract Services:											
Exterminating	20,067	20,769	21,496	22,248	23,027	23,833	24,667	25,530	26,424	27,349	
Trash Removal	82,404	85,288	88,273	91,363	94,561	97,871	101,296	104,841	108,510	112,308	
Other maintenance	6,322	6,543	6,772	7,009	7,254	7,508	7,771	8,043	8,325	8,616	
Building/Grounds Maintenance	52,147	53,972	55,861	57,816	59,840	61,934	64,102	66,346	68,668	71,071	
Janitorial	20,067	20,769	21,496	22,248	23,027	23,833	24,667	25,530	26,424	27,349	
Repair	4,741	4,907	5,079	5,257	5,441	5,631	5,828	6,032	6,243	6,462	
Security	79,009	81,774	84,636	87,598	90,664	93,837	97,121	100,520	104,038	107,679	
Cleaning & Decorating:											
Painting Supplies	10,035	10,386	10,750	11,126	11,515	11,918	12,335	12,767	13,214	13,676	
Turnover	16,724	17,309	17,915	18,542	19,191	19,863	20,558	21,278	22,023	22,794	
Repairs & Maintenance:											
Repairs & Maintenance General	26,863	27,803	28,776	29,783	30,825	31,904	33,021	34,177	35,373	36,611	
Elevator	6,322	6,543	6,772	7,009	7,254	7,508	7,771	8,043	8,325	8,616	
TOTAL VARIABLE COSTS	1,326,127	1,371,408	1,418,266	1,466,755	1,516,935	1,568,863	1,622,599	1,678,211	1,735,758	1,795,311	
Taxes & Insurance:											
Real Property Tax Assessment	14,880	15,178	15,482	15,792	16,108	16,430	16,759	17,094	17,436	17,785	
Director's & Officer's Insurance	0	0	0	0	0	0	0	0	0	0	
Misc Taxes/Licenses/Permits	1,580	1,635	1,692	1,751	1,812	1,875	1,941	2,009	2,079	2,152	
Insurance	108,701	112,506	116,444	120,520	124,738	129,104	133,623	138,300	143,141	148,151	
SDHC Fixed Annual Payment	0	0	0	0	0	0	0	0	0	0	
TOTAL FIXED COSTS	125,161	129,319	133,618	138,063	142,658	147,409	152,323	157,403	162,656	168,088	
TOTAL OPERATING COSTS	1,451,288	1,500,727	1,551,884	1,604,818	1,659,593	1,716,272	1,774,922	1,835,614	1,898,414	1,963,399	
NET OPERATING INCOME:											
CASH FLOW FROM OPERATIONS:											
Net Operating Income	1,042,818	1,055,731	1,068,486	1,081,061	1,093,433	1,105,579	1,117,475	1,129,094	1,140,410	1,151,398	
Replacement Reserve	0	0	0	0	0	0	0	0	0	0	
SDHC Hard Debt	9,249	83,618	86,545	89,574	92,709	95,954	99,312	102,788	106,386	110,110	113,964
CASH FLOW AVAILABLE FOR DEBT SERVICE	959,200	969,186	978,912	988,352	997,479	1,006,267	1,014,687	1,022,708	1,030,300	1,037,434	
Cash Flow	959,200	969,186	978,912	988,352	997,479	1,006,267	1,014,687	1,022,708	1,030,300	1,037,434	
MPH Debt service	80,136	80,136	80,136	80,136	80,136	80,136	80,136	80,136	80,136	80,136	
Cash Flow after MPH	879,064	889,050	898,776	908,216	917,343	926,131	934,551	942,572	950,164	957,298	
Debt Service - First Trust Deed	(601,790)	(601,790)	(601,790)	(601,790)	(601,790)	(601,790)	(601,790)	(601,790)	(601,790)	(601,790)	
Cash Flow After Debt Service	277,274	287,260	296,986	306,426	315,553	324,341	332,761	340,782	348,374	355,508	
Total Cash Flow After Debt Service	277,274	287,260	296,986	306,426	315,553	324,341	332,761	340,782	348,374	355,508	
General Partner Asset Mgt Fee	(22,168)	(22,834)	(23,519)	(24,224)	(24,951)	(25,699)	(26,470)	(27,264)	(28,082)	(28,925)	
Limited Partner Asset Mgmt. Fee	(9,501)	(9,786)	(10,079)	(10,382)	(10,693)	(11,014)	(11,344)	(11,685)	(12,035)	(12,396)	
CASH FLOW AVAILABLE FOR RESIDUAL RECEIPTS PA	245,604	254,641	263,388	271,820	279,909	287,628	294,946	301,833	308,257	314,187	

Levant Street Cottages
PROJECT CASH FLOW

		19	20	21	22	23	24	25	26	27
RENTAL REVENUES:	2.5%/ann. increa									
Gross Potential Rent (Affordable Units)		1,966,461	2,015,623	2,066,014	2,117,664	2,170,606	2,224,871	2,280,493	2,337,505	2,395,943
Gross Potential Rent (section 8)		1,365,718	1,399,861	1,434,858	1,470,729	1,507,497	1,545,184	1,583,814	1,623,409	1,663,994
Laundry/Other		28,522	29,235	29,966	30,715	31,483	32,270	33,077	33,904	34,752
COSR		0	0	0	0	0	0	0	0	0
Vacancy Allowance		(99,749)	(102,243)	(104,799)	(107,419)	(110,104)	(112,857)	(115,679)	(118,570)	(121,535)
Vacancy Allowance Section 8		(68,286)	(69,993)	(71,743)	(73,536)	(75,375)	(77,259)	(79,191)	(81,170)	(83,200)
Net Rental Income		3,192,666	3,272,483	3,354,296	3,438,153	3,524,107	3,612,209	3,702,514	3,795,078	3,889,954
PROPERTY OPERATING COSTS:	3.5%/ann. increa									
Administrative Expenses:										
Office Supplies & Equipment		4,458	4,614	4,775	4,942	5,115	5,294	5,479	5,671	5,869
Payroll Services		891	922	954	987	1,022	1,058	1,095	1,133	1,173
Office Salaries		4,458	4,614	4,775	4,942	5,115	5,294	5,479	5,671	5,869
Telephone/Answering Service/Internet		20,060	20,762	21,489	22,241	23,019	23,825	24,659	25,522	26,415
Auto Expense		2,227	2,305	2,386	2,470	2,556	2,645	2,738	2,834	2,933
Training & Travel		2,227	2,305	2,386	2,470	2,556	2,645	2,738	2,834	2,933
Misc. Administrative Expense		4,458	4,614	4,775	4,942	5,115	5,294	5,479	5,671	5,869
Resident Services (Wakeland)		74,300	76,900	79,592	82,377	85,260	88,245	91,333	94,530	97,838
County of San Diego Admin Fees		11,961	12,081	12,202	12,324	12,447	12,572	12,697	12,824	12,953
SDHC Compliance Monitoring		22,607	22,833	23,062	23,292	23,525	23,760	23,998	24,238	24,480
Bond Issuer Fee		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Marketing Expense:										
Advertising		3,713	3,843	3,978	4,117	4,261	4,410	4,564	4,724	4,889
Professional Fees:										
Property Management Fees		141,540	146,494	151,621	156,928	162,420	168,105	173,989	180,079	186,382
Accounting		0	0	0	0	0	0	0	0	0
Legal Fees		3,341	3,458	3,579	3,704	3,834	3,968	4,107	4,251	4,400
Auditing Expense		18,575	19,225	19,898	20,594	21,315	22,061	22,833	23,632	24,459
Utilities:										
Electricity tenant		283,082	292,990	303,245	313,859	324,844	336,214	347,981	360,160	372,766
Elec (community center and laundry)		84,924	87,896	90,972	94,156	97,451	100,862	104,392	108,046	111,828
Water and Sewer		311,390	322,289	333,569	345,244	357,328	369,834	382,778	396,175	410,041
Payroll/Payroll Taxes:										
Salaries-Manager		98,078	101,511	105,064	108,741	112,547	116,486	120,563	124,783	129,150
Salaries-Assistant Manager		57,952	59,980	62,079	64,252	66,501	68,829	71,238	73,731	76,312
Salaries-Security		0	0	0	0	0	0	0	0	0
Salaries-Maintenance Supervisor		93,616	96,893	100,284	103,794	107,427	111,187	115,079	119,107	123,276
Salaries-Maintenance Personnel		57,952	59,980	62,079	64,252	66,501	68,829	71,238	73,731	76,312
Wellness Coordinator		0	0	0	0	0	0	0	0	0
Payroll Taxes		30,760	31,836	32,951	34,104	35,298	36,533	37,812	39,135	40,505
Workers Compensation		18,460	19,106	19,775	20,467	21,183	21,924	22,691	23,485	24,307
Health Insurance/Other Benefits		37,892	39,218	40,591	42,012	43,482	45,004	46,579	48,209	49,896
Contract Services:										
Exterminating		28,306	29,297	30,322	31,383	32,481	33,618	34,795	36,013	37,273
Trash Removal		116,239	120,307	124,518	128,876	133,387	138,056	142,888	147,889	153,065
Other maintenance		8,918	9,230	9,553	9,887	10,233	10,591	10,962	11,346	11,743
Building/Grounds Maintenance		73,558	76,133	78,798	81,556	84,410	87,364	90,422	93,587	96,863
Janitorial		28,306	29,297	30,322	31,383	32,481	33,618	34,795	36,013	37,273
Repair		6,688	6,922	7,164	7,415	7,675	7,944	8,222	8,510	8,808
Security		111,448	115,349	119,386	123,565	127,890	132,366	136,999	141,794	146,757
Cleaning & Decorating:										
Painting Supplies		14,155	14,650	15,163	15,694	16,243	16,812	17,400	18,009	18,639
Turnover		23,592	24,418	25,273	26,158	27,074	28,022	29,003	30,018	31,069
Repairs & Maintenance:										
Repairs & Maintenance General		37,892	39,218	40,591	42,012	43,482	45,004	46,579	48,209	49,896
Elevator		8,918	9,230	9,553	9,887	10,233	10,591	10,962	11,346	11,743
TOTAL VARIABLE COSTS		1,856,942	1,920,721	1,986,723	2,055,027	2,125,711	2,198,864	2,274,566	2,352,910	2,433,984
Taxes & Insurance:										
Real Property Tax Assessment		18,141	18,504	18,874	19,251	19,636	20,029	20,430	20,839	21,256
Director's & Officer's Insurance		0	0	0	0	0	0	0	0	0
Misc Taxes/Licenses/Permits		2,227	2,305	2,386	2,470	2,556	2,645	2,738	2,834	2,933
Insurance		153,336	158,703	164,258	170,007	175,957	182,115	188,489	195,086	201,914
SDHC Fixed Annual Payment		0	0	0	0	0	0	0	0	0
TOTAL FIXED COSTS		173,704	179,512	185,518	191,728	198,149	204,789	211,657	218,759	226,103
TOTAL OPERATING COSTS		2,030,646	2,100,233	2,172,241	2,246,755	2,323,860	2,403,653	2,486,223	2,571,669	2,660,087
NET OPERATING INCOME:		1,162,020	1,172,250	1,182,055	1,191,398	1,200,247	1,208,556	1,216,291	1,223,409	1,229,867
CASH FLOW FROM OPERATIONS:										
Net Operating Income		1,162,020	1,172,250	1,182,055	1,191,398	1,200,247	1,208,556	1,216,291	1,223,409	1,229,867
Replacement Reserve	9,249	117,953	122,081	126,354	130,776	135,353	140,090	144,993	150,068	155,320
SDHC Hard Debt		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
CASH FLOW AVAILABLE FOR DEBT SERVICE		1,044,067	1,050,169	1,055,701	1,060,622	1,064,894	1,068,466	1,071,298	1,073,341	1,074,547
Cash Flow		1,044,067	1,050,169	1,055,701	1,060,622	1,064,894	1,068,466	1,071,298	1,073,341	1,074,547
MPH Debt service	19,080,000	80,136	80,136	80,136	80,136	80,136	80,136	80,136	80,136	80,136
Cash Flow after MHP		963,931	970,033	975,565	980,486	984,758	988,330	991,162	993,205	994,411
Debt Service - First Trust Deed		(601,790)	(601,790)	(601,790)	(601,790)	(601,790)	(601,790)	(601,790)	(601,790)	(601,790)
Cash Flow After Debt Service		362,141	368,243	373,775	378,696	382,968	386,540	389,372	391,415	392,621
Total Cash Flow After Debt Service		362,141	368,243	373,775	378,696	382,968	386,540	389,372	391,415	392,621
General Partner Asset Mgt Fee		(29,793)	(30,686)	(31,607)	(32,555)	(33,532)	(34,538)	(35,574)	(36,641)	(37,740)
Limited Partner Asset Mgmt. Fee		(12,768)	(13,151)	(13,546)	(13,952)	(14,371)	(14,802)	(15,246)	(15,703)	(16,174)
CASH FLOW AVAILABLE FOR RESIDUAL RECEIPTS PA		319,580	324,406	328,623	332,188	335,065	337,201	338,552	339,070	338,706

**Levant Street Cottages
PROJECT CASH FLOW**

		28	29	30
RENTAL REVENUES:	2.5%/ann. increa			
Gross Potential Rent (Affordable Units)		2,455,842	2,517,238	2,580,169
Gross Potential Rent (section 8)		1,705,594	1,748,234	1,791,940
Laundry/Other		35,621	36,512	37,425
COSR		0	0	0
Vacancy Allowance		(124,573)	(127,688)	(130,880)
Vacancy Allowance Section 8		(85,280)	(87,412)	(89,597)
Net Rental Income		3,987,204	4,086,884	4,189,057
PROPERTY OPERATING COSTS:	3.5%/ann. increa			
Administrative Expenses:				
Office Supplies & Equipment		6,074	6,287	6,507
Payroll Services		1,214	1,256	1,300
Office Salaries		6,074	6,287	6,507
Telephone/Answering Service/Internet		27,340	28,297	29,287
Auto Expense		3,036	3,142	3,252
Training & Travel		3,036	3,142	3,252
Misc. Administrative Expense		6,074	6,287	6,507
Resident Services (Wakeland)		101,263	104,807	108,475
County of San Diego Admin Fees		13,082	13,213	13,345
SDHC Compliance Monitoring		24,725	24,972	25,222
Bond Issuer Fee		10,000	10,000	10,000
Marketing Expense:				
Advertising		5,060	5,237	5,420
Professional Fees:				
Property Management Fees		192,905	199,657	206,645
Accounting		0	0	0
Legal Fees		4,554	4,713	4,878
Auditing Expense		25,315	26,201	27,118
Utilities:				
Electricity tenant		385,813	399,316	413,292
Elec (community center and laundry)		115,742	119,793	123,986
Water and Sewer		424,392	439,246	454,620
Payroll/Payroll Taxes:				
Salaries-Manager		133,670	138,348	143,190
Salaries-Assistant Manager		78,983	81,747	84,608
Salaries-Security		0	0	0
Salaries-Maintenance Supervisor		127,591	132,057	136,679
Salaries-Maintenance Personnel		78,983	81,747	84,608
Wellness Coordinator		0	0	0
Payroll Taxes		41,923	43,390	44,909
Workers Compensation		25,158	26,039	26,950
Health Insurance/Other Benefits		51,642	53,449	55,320
Contract Services:				
Exterminating		38,578	39,928	41,325
Trash Removal		158,422	163,967	169,706
Other maintenance		12,154	12,579	13,019
Building/Grounds Maintenance		100,253	103,762	107,394
Janitorial		38,578	39,928	41,325
Repair		9,116	9,435	9,765
Security		151,893	157,209	162,711
Cleaning & Decorating:				
Painting Supplies		19,291	19,966	20,665
Turnover		32,156	33,281	34,446
Repairs & Maintenance:				
Repairs & Maintenance General		51,642	53,449	55,320
Elevator		12,154	12,579	13,019
TOTAL VARIABLE COSTS		2,517,886	2,604,713	2,694,572
Taxes & Insurance:				
Real Property Tax Assessment		21,681	22,115	22,557
Director's & Officer's Insurance		0	0	0
Misc Taxes/Licenses/Permits		3,036	3,142	3,252
Insurance		208,981	216,295	223,865
Fidelity Bond Insurance		0	0	0
SDHC Fixed Annual Payment		0	0	0
TOTAL FIXED COSTS		233,698	241,552	249,674
TOTAL OPERATING COSTS		2,751,584	2,846,265	2,944,246
NET OPERATING INCOME:		1,235,620	1,240,619	1,244,811
CASH FLOW FROM OPERATIONS:				
Net Operating Income		1,235,620	1,240,619	1,244,811
Replacement Reserve	9,249	160,756	166,382	172,205
SDHC Hard Debt		10,000	10,000	10,000
CASH FLOW AVAILABLE FOR DEBT SERVICE		1,074,864	1,074,237	1,072,606
Cash Flow		1,074,864	1,074,237	1,072,606
MPH Debt service	19,080,000	80,136	80,136	80,136
Cash Flow after MPH		994,728	994,101	992,470
Debt Service - First Trust Deed		(601,790)	(601,790)	(601,790)
Cash Flow After Debt Service		392,938	392,311	390,680
Total Cash Flow After Debt Service		392,938	392,311	390,680
General Partner Asset Mgt Fee		(38,873)	(40,039)	(41,240)
Limited Partner Asset Mgmt. Fee		(16,660)	(17,159)	(17,674)
CASH FLOW AVAILABLE FOR RESIDUAL RECEIPTS PA		337,406	335,113	331,766

1.00

2,021

Family Size	Unit Type	Number of Units	Monthly Rent	Utility Allowance	Net Monthly Rent	Net Annual Rent	Unit Sq. Ft.	Total Sq. Ft.	Rent/Sq. Ft.
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% of Median**NPLH Units**

25.00%	1BR/1BA	0	0	0	0	0	500	0	\$0.00
30.00%	2BR/2BA	0	0	0	0	0	780	0	\$0.00

Total NPLH Units

	0		0		0
--	---	--	---	--	---

25.00%	0BD/1BA	14	530	0	530	89,040	350	4,900	\$1.51
25.00%	1BR/1BA	18	568	0	568	122,688	500	9,000	\$1.14
30.00%	0BD/1BA	13	636	0	636	99,216	350	4,550	\$1.82
40.00%	0BD/1BA	32	849	0	849	326,016	350	11,200	\$2.43
50.00%	0BD/1BA	49	1,061	0	1,061	623,868	350	17,150	\$3.03
Mgr.	BR2/BA2	1	0	0	0	0	780	780	\$0.00
		127				1,260,828		47,580	

TOTAL PROJECT

127	827	1,260,828	375	47,580	\$2.21
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RELATED RESIDENTIAL SPACE:

TC Units

47,580

Community Center

2,500

Leasing Office

866

Laundry (1 per every 10 units)

900

Corridors, Utility space, other common area space

0

Unit Storage/Utility Alcoves

Total Related Residential Space

4,266

TOTAL PROJECT SQUARE FOOTAGE

51,846

County Utility Allowances:

	<u>0 Br</u>	<u>1 Br</u>	<u>2 Br</u>	<u>3 Br</u>
Heating: electric	18	22	27	30
Cooking: electric	9	10	15	22
Water Heating: Electric	19	23	34	45
Air Conditioning	0	0	0	0
Other Electric	33	38	53	68
Total	0	0	129	165

Section 8 Vouchers Increment

Unit Type	Number	TCAC Income Tier	Rent (net of UA)	HA Contract	Incremental	Monthly S8	Annual S8
				Rent-Utility	S8 Income	Increment	Increment
0 bedroom	14	25% AMI	530	1,668	1,138	15,932	191,184
1 bedroom	18	25% AMI	568	1,854	1,286	23,148	277,776
0 bedroom	13	30% AMI	636	1,668	1,032	13,416	160,992
0 bedroom	25	40% AMI	849	1,668	819	20,475	245,700
2 bedroom	0	30% AMI	0	0	0	0	0
2 bedroom	0	45% AMI	0	0	0	0	0
2 bedroom	0	50% AMI	0	0	0	0	0
2 bedroom	0	60% AMI	0	0	0	0	0
Total	70					72,971	875,652

ATTACHMENT 5
HOUSING COMMISSION MULTIFAMILY
HOUSING REVENUE BOND PROGRAM SUMMARY

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

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

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

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

Approval Process:

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

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

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

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

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

ATTACHMENT 6 - FINANCIAL ADVISOR'S ANALYSIS

ROSS FINANCIAL

1736 Stockton Street, Suite One • San Francisco, CA 94133 • (415) 912-5612 • FAX (415) 912-5611

April 7, 2022

Mr. Joe Correia
Sr. Real Estate Project Manager
Housing Finance Real Estate Division
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

Re: Levant Senior Cottages

Dear Mr. Correia:

The San Diego Housing Commission (the “Commission”) has retained Ross Financial as its independent municipal advisor, in part, to analyze the feasibility of issuing tax-exempt and taxable bonds (the “Bonds”) for the Levant Senior Cottages development (the “Development”).

This feasibility analysis reviews the following items:

- Overview of the Development
- Proposed financing approach
- Benefits and risks to Commission
- Public purpose
- Recommendations

Ross Financial has based its analysis of the Development’s financial feasibility on materials provided by Wakeland Housing and Development Corporation (“Wakeland”), which has created the borrower entity (the “Borrower”) for the Development. The materials include: (1) the joint application to the California Debt Limit Allocation Committee (“CDLAC”) and California Tax Credit Allocation Committee (“CTCAC”), (2) the financing commitment from JPMorgan Chase Bank (the “Lender”), (3) the market study performed by Kinetic Valuation Group in support of the application to CDLAC and CTCAC, and (4) Wakeland’s pro forma financial schedules for the Development. Ross Financial has not visited the site of the proposed Development and had no role in the selection of the Lender or in developing the overall financing structure.

OVERVIEW OF THE DEVELOPMENT

Development Summary. The Development is a new construction multifamily rental housing development that will contain 126 affordable studio and 1-bedroom units and 1 unrestricted 2-bedroom manager's unit housed in 18 one-story buildings and 2 two-story buildings that are connected by a walkway and serviced by an elevator. In addition, the Development contains a large community building, management offices and 45 surface parking spaces. The Development will be restricted to seniors aged 55 years and older.

The Development will consist of Type V-B construction (stucco with wood frame) and will be designed to achieve a Green Point Certification. The Development will utilize solar energy and achieve water conservation through low-water use fixtures in kitchens and bathrooms, low-flow toilets, and low-water use native plants landscaping with water-efficient irrigation controls.

Site amenities include an outdoor patio, walking trail, and a large community room containing a computer lab, kitchen and space for workshops, classes, community and social events. Unit amenities will include central heat and air conditioning, blinds, storage closet, patio/balcony, refrigerator, stove/oven, dishwasher and garbage disposal.

The Development will be wheelchair accessible in 10% of the units and 4% of the units will be accessible to residents with visual and/or hearing impairment.

Unit and Affordability Mix. The unit mix and affordability restrictions for Development is as follows:

Levant	Unit Mix	25% AMI**	30% AMI**	40% AMI**	50% AMI**
Studio/1 Bath	108	14	13	32	49
1 Bedroom/1 Bath	18	18			
2 Bedroom/1 Bath	1*				
Total Units	127	32	13	32	49

*Includes 1 non-rental manager's unit in these unit types

** AMI = Area Median Income

All units restricted to 25% and 30% AMI and 25 studio units restricted to 40% AMI (70 units in all) will be supported by non-PSH Project-Based Vouchers.

Description of Project Site. The Development is to be constructed on a 4.49 acre vacant site that is owned by the County of San Diego (the "County") who will lease the site to the Borrower pursuant to a 70-year Ground Lease (the "Ground Lease"). The site is located at 6950 Levant Street in San Diego, within the Linda Vista neighborhood of San Diego. The site is bounded on the south by Friars Road, on the west by Interstate 5, on the north by Tecolote Canyon and Mesa College Drive and on the east by State Route 163.

The site is irregular in shape and improved with a surface parking lot. The site was previously occupied by San Diego County Adoptions. All on-site structures have been demolished and no relocation is necessary.

Surrounding land uses are as follows:

- To the north: single family homes
- To the south: multifamily residential housing
- To the west: Linda Vista Community Park
- To the east: San Diego Cooperative Charter School

Ownership of the Development/Borrower. The ownership entity for the Development will be Levant Senior Cottages L.P., a single asset California limited partnership consisting of: (a) Wakeland Levant, LLC, created by Wakeland, which will serve as Managing General Partner, (b) San Diego Kind Corporation, a California not-for-profit public benefit corporation, which will serve as Administrative General Partner and (c) a tax credit limited partnership entity created by Boston Financial Investment Management.

Wakeland Experience. According to Wakeland, the firm has 23 years of experience in financing, developing and/or rehabilitating multifamily rental housing. This experience encompasses more than 7,300 affordable rental apartments. Wakeland's recent activity with the Housing Commission includes:

- Beacon Apartments, a 44-unit new construction permanent supportive housing project, located in the East Village neighborhood and completed in September 2019
- Atmosphere Apartments, a 205-unit new construction project, located in downtown San Diego and completed in May 2017
- Talmadge Gateway Apartments, a 60-unit new construction permanent supportive housing development serving seniors who experienced homelessness, located in the Kensington-Talmadge Community and completed in July 2017.
- City Heights Ten, a 132-unit acquisition/rehabilitation scattered sites project, consisting of 10 properties located in the City Heights neighborhood of San Diego and completed in November 2014
- Juniper Gardens Apartments, a 40-unit preservation project located in City Heights and completed in November 2013;
- Vista Grande Apartments, a 49-unit acquisition/rehabilitation project located in the southeast part of San Diego and completed in Summer 2011; and
- Village Green Apartments, a 94-unit acquisition-rehabilitation project located in the Rolando neighborhood, completed in September 2010;

CDLAC/CTCAC. On September 9, 2021, the Housing Commission filed a joint application to CDLAC and CTCAC requesting a private activity bond allocation of \$22,877,000 for the Development, along with a reservation of 4% Federal tax credits. On

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December 8, 2021, CDLAC awarded a private activity bond allocation in the requested amount and CTCAC reserved the requested 4% Federal tax credits.

In connection with the CDLAC/CTCAC application process, on July 16, 2021, the Housing Commission adopted a resolution of intent to issue tax-exempt obligations for the Development and authorized the submission of an application to CDLAC. On the same date, a TEFRA hearing, duly noticed, was held before the Housing Commission. Because of a technicality, a new TEFRA hearing will be held in conjunction with the approval of the Bonds.

PROPOSED FINANCING

Project Costs and Funding. According to the most recent projections provided by Wakeland, the total costs of the Development, including construction and all soft costs, are estimated at \$50,924,795. The estimated sources of funds will differ during the construction period and following construction and lease-up (“at permanent”), as shown in the following table based on the most recent projections:

Sources of Funds	Construction	Permanent
Tax-Exempt Bond Proceeds	\$22,877,000	\$8,832,360
Taxable Bond Proceeds	20,930,568	--
HCD MHP Loan	--	19,080,000
Tax Equity – Federal	2,071,244	20,712,435
SDHC Loan	1,000,000	1,000,000
Deferred Developer Fee	--	1,300,000
Total	\$46,878,812	\$50,924,795
Uses of Funds		
Land Acquisition	\$38,000	\$38,000
Construction	33,720,875	33,720,875
Architectural & Engineering	1,510,000	1,510,000
Contingency Costs (Hard and Soft)	2,027,423	2,027,423
Impact Fees and Permits	2,695,000	2,695,000
Financing Fees and Interest	5,142,514	6,563,497
Misc. Soft Costs and Legal	870,000	870,000
Developer Fee*	875,000	3,500,000
Total	\$46,878,812	\$50,924,795

*Cash developer fee is \$2,200,000 with \$1,300,000 deferred

Description of Financing. The expectation (based on the most recent pro forma) is that the Housing Authority will issue:

- The Bonds in two series: (a) a tax-exempt series in the estimated amount of \$22,877,000 and (b) a taxable series in the estimated amount of \$20,930,568 (but not to exceed \$27,123,000).

The Bonds will have the following features:

- Both series of Bonds will be purchased JPMorgan Chase Bank (“Chase”);
- The Bonds will be issued on a draw down basis, with interest payable only on the amounts drawn;
- Following construction completion and lease-up (expected in approximately 29 months subject to two 6-month extensions), the taxable Bond will be repaid in full and the tax-exempt Bond will be paid down to a permanent estimated par of \$8,832,360. The sources of repayment will be Federal low income housing tax credits and the HCD MHP loan.
- Prior to Conversion, the Bonds will bear a variable interest rate equal to 1 month adjusted SOFR + 1.30% for the tax-exempt Bonds and SOFR + 1.80% for the taxable Bonds, with a SOFR index floor set at 0.50%. The Borrower’s proforma assumes a rate of 5.00% during the construction period. At Conversion, the tax-exempt Bond will convert to a fixed rate that will be set at Closing. The rate will be established by reference to a formula (10-year swap rate plus a spread of 1.78%). The Borrower’s proforma assumes a permanent loan rate of 5.50%.
- The tax-exempt Bond will have a term of 18 years from Closing (i.e., in 2040). Following Conversion, the tax-exempt Bond will amortize on a 35-year basis. The taxable Bond is expected to have a stated maturity of approximately 4 years from Closing and will be repaid in full at Conversion as Bond above.
- The Bonds are expected to close in early June 2022.

Chase will execute a document representing that it has sufficient knowledge and experience to evaluate the risks and merits associated with making the loans evidenced by the Bonds and its intention to hold the Bonds for its account. Chase may transfer all or a portion of the Bonds only to transferees that execute a document with similar representations.

Housing Commission Financial Involvement. On July 9, 2021, the Housing Commission approved a loan (the “Commission Loan”) of up to \$6,000,000 for the Development, with the sources of funding consisting of the City Affordable Housing Fund and the Department of Housing and Urban Development HOME Investment Partnership Program funds. Despite this authorization, the Borrower anticipates that the Commission Loan will be in the reduced amount of \$1,000,000.

The Commission Loan will be payable from the Development’s residual receipts subject to the following basic terms:

- Interest Rate: 4% simple interest
- Payments: 50% of residual cash flow plus \$10,000 fixed annual payment.
- Term: 55 years
- Affordability: Studio units: 14 at 25% AMI; 13 at 30% AMI; 32 at 40% AMI; 49 at 50% AMI;
1 Bedroom units: 18 at 25% AMI

- Purchase Option: The Housing Commission will have an option to purchase the Development at the end of the 15-year tax credit compliance period

Affordability Restrictions. The Development will be subject to the following regulatory restrictions and terms:

- Tax-Exempt Bond and Bond Regulatory Agreement requirements (including voluntary elections made to CDLAC) for a 55-year term;
- Tax Credit Regulatory Agreement requirements under which all units must be affordable at 60% AMI for a 55-year term to remain eligible for tax credits;
- Housing Commission's Declaration of Covenants, Conditions and Restrictions (the "Declaration") under which the units will be restricted for 55 years with the affordability restrictions noted above; and
- The County's Restrictive Covenants and Regulatory Agreement under which at least 99 units must be affordable to seniors (ages 55 years and older) with incomes that do not exceed 50% AMI with respect to at least 20% of such units and 60% AMI with respect to the remainder of such units.

Cash Flow for the Development. The Borrower provided pro forma cash flows for the Development. The following table summarizes key elements of the most recent proforma:

Levant	
Assumptions	
Vacancy	5%
Revenue Escalation	2.5%
Operating Expense Escalation	3.5%
Cash Flow and Coverage	
Stabilized Net Income – First Full Year	\$2,047,029
Operating Expenses ¹	(985,716)
Other Expenses ²	(199,890)
Net Operating Income	\$861,424
Tax-Exempt Bond Debt Service ³	(601,790)
HCD Loan Payment ⁴	(80,136)
Debt Service Coverage ⁵	1.26x
Net Project Cash Flow after Debt Service	\$179,498
MGP and LP Fees	(25,000)
Net Cash Flow for Residual Receipts	\$154,498

¹ Operating Expenses consist of variable operating expenses escalated at 3.5% per year

² Other Expenses include taxes, replacement reserves, the Commission's fixed payment of \$10,000, compliance monitoring fee and Bond monitoring fee (note: fee in Borrower pro forma was shown as a flat \$10,000/year rather than permanent loan amount of \$8,832,360 times 0.125%)

³ Assumes an initial permanent Bond par of \$8,832,360 amortized on a 35-year basis at a rate of 5.50%

⁴ 0.42% times the HCD Loan of \$19,080,000

⁵ Net operating income divided by sum of Bond Debt Service + HCD Loan Payment

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The following table shows the Borrower's most recent projected cash flow for the Development during first full five years following stabilized occupancy:

Escalation	Revenues	Year				
		1	2	3	4	5
2.50%	Gross Scheduled Rent	2,136,480	2,189,892	2,244,639	2,300,755	2,358,274
2.50%	Miscellaneous Income	18,288	18,745	19,214	19,694	20,187
	less 5% vacancy	(107,738)	(110,432)	(113,193)	(116,022)	(118,923)
	Total Net Income	2,047,030	2,098,205	2,150,660	2,204,427	2,259,538
	Expenses					
3.50%	Operating Expenses	(985,716)	(1,020,216)	(1,055,924)	(1,092,881)	(1,131,132)
3.50%	Replacement Reserves	(63,500)	(65,723)	(65,723)	(65,723)	(65,723)
2.00%	Taxes	(12,700)	(12,954)	(13,213)	(13,477)	(13,747)
3.50%	Misc. State and Local Fees	(1,200)	(1,242)	(1,285)	(1,330)	(1,377)
3.50%	Insurance	(82,550)	(85,439)	(88,430)	(91,525)	(94,728)
	Fixed payments to SDHC	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
	Bond Monitoring Fee	(11,040)	(11,040)	(11,040)	(11,040)	(11,040)
1.00%	Issuer Fee	(18,900)	(19,089)	(19,280)	(19,473)	(19,667)
	Total Expenses + Reserves	(1,185,606)	(1,225,703)	(1,264,894)	(1,305,449)	(1,347,414)
	Net Operating Income	861,424	872,503	885,766	898,978	912,124
	Annual Bond Debt Service	(601,790)	(601,790)	(601,790)	(601,790)	(601,790)
	HCD	(80,136)	(42,000)	(42,000)	(42,000)	(42,000)
	Debt Service Coverage	1.26x	1.36x	1.38x	1.40x	1.42x
3.00%	Available Cash Flow after Permanent Loan Debt Service	179,498	228,713	241,976	255,188	268,334
3.00%	Managing GP Fee	(17,500)	(18,025)	(18,566)	(19,123)	(19,696)
	LP Fee	(7,500)	(7,725)	(7,957)	(8,195)	(8,441)
	Project Cash Flow Available for Residual Receipts Payments	154,498	202,963	215,454	227,870	240,196

PUBLIC PURPOSE

The Bonds are expected to result in the long-term affordability of 126 studio and one - bedroom units in the City of San Diego. Of these units, 32 units will be restricted and affordable to seniors earning 25% AMI; 13 units will be restricted and affordable to seniors earning 30% AMI; 32 units will be restricted to and affordable to seniors earning 40% AMI; and 49 units will be restricted and affordable to households earning 50% AMI. One unit will be occupied by a resident manager and will be unrestricted.

The Bond Regulatory Agreement, the Tax Credit Regulatory and the Commission's Declaration will require that these affordability levels be maintained for a period of 55 years.

BENEFITS AND RISKS TO THE COMMISSION

The Bonds provide a vehicle for financing a portion of the construction costs of the Development. As proposed, the Bonds will result in the long-term affordability of 126 studio and one-bedroom units in the City of San Diego with units restricted to income levels described in "Public Purpose" above.

The Bonds do not pose undue financial risk to the Housing Authority. The Bonds are not direct obligations of the Housing Authority or the City of San Diego. The Bonds will be purchased by the Chase, which has indicated its intention to hold the Bonds for its own account. The Bonds are expected to be paid down to \$8,832,360 following conversion.

The primary risk is construction and lease-up risk – that the Development is not completed and/or leased up in a timely fashion. Given the development and project management experience of Wakeland, the target tenant population, the 70 PBVs and the demand for affordable units, this risk seems remote. This risk is borne entirely by the Chase and Wakeland.

If the Housing Authority issues the Bonds, the Commission would receive an issuer fee at Bond closing of \$109,519: equal to 0.25% times the initial aggregate par amount of the tax-exempt and taxable Bonds (\$43,807,568).

In addition, the Commission also would receive estimated annual fees of:

- \$54,759 to monitor the Bonds during the construction period (based on an aggregate initial par of \$43,807,568 for the Bonds times 0.125%), and
- \$11,040 to monitor the tax-exempt Bonds after conversion (assuming an estimated permanent tax-exempt Bond of \$8,832,360 times 0.125%) plus (b) a per unit monitor fee of \$150/unit or \$18,900 in the first year).
- A minimum of \$10,000 following repayment of the Bonds through the end of the 55-year CDLAC compliance period.

Costs of issuance will be funded by the Borrower from low income housing tax credit proceeds and/or other funds. The Borrower has agreed to indemnify the Housing Authority and Housing Commission as to matters relating to the Bonds. However, the Borrower is a single purpose entity with no significant assets or source of income other than the Development and is generally not required to make up any cash flow shortfalls. Accordingly, Wakeland will be providing its indemnification.

RECOMMENDATIONS

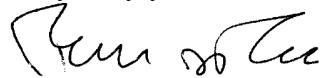
Ross Financial recommends that the Housing Authority proceed with the issuance of the Bonds based on the following findings:

- The Bonds will achieve a public purpose by providing an aggregate of 126 affordable units, with all units restricted to income levels at 25%, 30%, 40% and 50% AMI.
- The Bonds will evidence tax-exempt loans funded by a well-established, highly capitalized bank that is active in affordable housing lending. The Bonds will be subject to restrictive transfer limitations at all times.
- The Borrower has agreed to indemnify the Housing Authority and the Commission regarding matters relating to the financing. The Borrower will pay issuance costs from sources other than Bond proceeds.
- Based on estimates provided by Wakeland on behalf of the Borrower, there should be sufficient funds to complete the Development and the Development provides adequate cash flow to cover permanent loan debt service on the Bonds.

Mr. Joe Correia
Re: Levant Senior Cottages
April 7, 2022
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If there is any additional information you require concerning the Development, Ross Financial will be pleased to provide a supplemental analysis.

Very truly yours,



Peter J. Ross
Principal

ATTACHMENT 6A - SUPPLEMENT TO FINANCIAL ADVISOR'S ANALYSIS

ROSS FINANCIAL

1736 Stockton Street, Suite One • San Francisco, CA 94133 • (415) 912-5612 • FAX (415) 912-5611

April 26, 2022

Mr. Joe Correia
Sr. Real Estate Project Manager
Housing Finance Real Estate Division
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

Re: Levant Senior Cottages – Supplement to April 7, 2022 Feasibility Analysis

Dear Mr. Correia:

This report supplements and amends Ross Financial's Feasibility Analysis dated April 7, 2022 (the “April 7th Report”) with respect to the Levant Senior Cottages development (the “Development”). The April 7th Report was based, in part, on a Borrower pro forma that contemplated a loan from the San Diego Housing Commission in the amount of \$1,000,000. The most recent pro forma, dated April 25, 2022, indicates that there is no longer need for a Housing Commission loan. In addition, the Borrower’s pro forma shows a decrease in rental subsidy, resulting in a lower permanent loan amount. As a result, the following section replaces the one contained in the April 7th Report:

PROPOSED FINANCING

Project Costs and Funding. According to the most recent projections provided by Wakeland, the total costs of the Development, including construction and all soft costs, are estimated at \$47,732,159. The estimated sources of funds will differ during the construction period and following construction and lease-up (“at permanent”), as shown in the following table based on the most recent projections:

Sources of Funds	Construction	Permanent
Tax-Exempt Bond Proceeds	\$22,877,000	\$7,015,000
Taxable Bond Proceeds	18,950,418	--
HCD MHP Loan	--	19,080,000
Tax Equity – Federal	2,253,806	20,337,159
Deferred Costs	2,350,935	--
Deferred Developer Fee	1,300,000	1,300,000
Total	\$47,732,159	\$47,732,159
Uses of Funds		
Land Acquisition	\$0	\$0
Construction	32,153,822	32,153,822
Architectural & Engineering	1,505,000	1,505,000
Contingency Costs (Hard and Soft)	2,182,691	2,182,691
Impact Fees and Permits	1,800,000	1,800,000
Reserves	1,065,768	1,065,768
Financing Fees and Interest	4,949,761	4,949,761
Misc. Soft Costs and Legal	1,874,117	1,874,117
Developer Fee*	2,200,000	2,200,000
Total	\$47,732,159	\$47,732,159

*Cash developer fee is \$900,000 with \$1,300,000 deferred

Description of Financing. The expectation (based on the most recent pro forma) is that the Housing Authority will issue:

- The Bonds in two series: (a) a tax-exempt series in the estimated amount of \$22,877,000 and (b) a taxable series in the estimated amount of \$18,950,418 (but not to exceed \$27,123,000).

The Bonds will have the following features:

- Both series of Bonds will be purchased JPMorgan Chase Bank (“Chase”);
- The Bonds will be issued on a draw down basis, with interest payable only on the amounts drawn;
- Following construction completion and lease-up (expected in approximately 29 months subject to two 6-month extensions), the taxable Bond will be repaid in full and the tax-exempt Bond will be paid down to a permanent estimated par of \$8,832,360. The sources of repayment will be Federal low income housing tax credits and the HCD MHP loan.
- Prior to Conversion, the Bonds will bear a variable interest rate equal to 1 month adjusted SOFR + 1.30% for the tax-exempt Bonds and SOFR + 1.80% for the taxable Bonds, with a SOFR index floor set at 0.50%. The Borrower’s proforma assumes a rate of 5.00% during the construction period. At Conversion, the tax-exempt Bond will convert to a fixed rate that will be set at Closing. The rate will be established by reference to a formula (10-year swap rate plus a spread of 1.78%). The Borrower’s proforma assumes a permanent loan rate of 5.20%.

- The tax-exempt Bond will have a term of 18 years from Closing (i.e., in 2040). Following Conversion, the tax-exempt Bond will amortize on a 35-year basis. The taxable Bond is expected to have a stated maturity of approximately 4 years from Closing and will be repaid in full at Conversion as Bond above.
- The Bonds are expected to close in early June 2022.

Chase will execute a document representing that it has sufficient knowledge and experience to evaluate the risks and merits associated with making the loans evidenced by the Bonds and its intention to hold the Bonds for its account. Chase may transfer all or a portion of the Bonds only to transferees that execute a document with similar representations.

Housing Commission Financial Involvement. On July 9, 2021, the Housing Commission approved a loan (the “Commission Loan”) of up to \$6,000,000 for the Development, with the sources of funding consisting of the City Affordable Housing Fund and the Department of Housing and Urban Development HOME Investment Partnership Program funds. Despite this authorization, the Borrower no longer has need for a SDHC loan.

Affordability Restrictions. The Development will be subject to the following regulatory restrictions and terms:

- Tax-Exempt Bond and Bond Regulatory Agreement requirements (including voluntary elections made to CDLAC) for a 55-year term;
- Tax Credit Regulatory Agreement requirements under which all units must be affordable at 60% AMI for a 55-year term to remain eligible for tax credits;
- The County’s Restrictive Covenants and Regulatory Agreement under which at least 99 units must be affordable to seniors (ages 55 years and older) with incomes that do not exceed 50% AMI with respect to at least 20% of such units and 60% AMI with respect to the remainder of such units.

Cash Flow for the Development. The Borrower provided pro forma cash flows for the Development. The following table summarizes key elements of the most recent proforma:

Mr. Joe Correia
 Re: Levant Senior Cottages - Supplemental
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		Levant
Assumptions		
Vacancy		5%
Revenue Escalation		2.0%
Operating Expense Escalation		3.5%
Cash Flow and Coverage		
Stabilized Net Income – First Full Year		\$1,806,809
Operating Expenses ¹		(924,952)
Other Expenses ²		(199,890)
Net Operating Income		\$861,424
Tax-Exempt Bond Debt Service ³		(601,790)
HCD Loan Payment ⁴		(80,136)
Debt Service Coverage ⁵		1.26x
Net Project Cash Flow after Debt Service		\$179,498
MGP and LP Fees		(25,000)
Net Cash Flow for Residual Receipts		\$154,498

¹ Operating Expenses consist of variable operating expenses escalated at 3.5% per year

² Other Expenses include taxes, replacement reserves, the Commission's Bond monitoring fee, County monitoring fee and resident services

³ Assumes an initial permanent Bond par of \$7,015,000 amortized on a 35-year basis at a rate of 5.20%

⁴ 0.42% times the HCD Loan of \$19,080,000

⁵ Net operating income divided by sum of Bond Debt Service + HCD Loan Payment

The following table shows the Borrower's most recent projected cash flow for the Development during first full five years following stabilized occupancy:

Escalation			Year				
			1	2	3	4	5
2.00%	Revenues						
2.00%	Gross Scheduled Rent		1,883,616	1,930,706	1,978,974	2,028,448	2,079,160
	Miscellaneous Income		18,288	18,745	19,214	19,694	20,187
	less 5% vacancy		(95,095)	(97,473)	(99,909)	(102,407)	(104,967)
	Total Net Income		1,806,809	1,851,979	1,898,278	1,945,735	1,994,379
3.50%	Expenses						
3.50%	Operating Expenses		(924,952)	(957,325)	(990,832)	(1,025,511)	(1,061,404)
2.00%	Replacement Reserves		(63,500)	(65,723)	(65,723)	(65,723)	(65,723)
3.50%	Taxes		(12,700)	(12,954)	(13,213)	(13,477)	(13,747)
3.50%	Misc. State and Local Fees		(1,200)	(1,242)	(1,285)	(1,330)	(1,377)
3.50%	Resident Services		(40,000)	(41,400)	(42,849)	(44,349)	(45,901)
3.50%	Insurance		(100,000)	(103,500)	(107,123)	(110,872)	(114,752)
	County Monitoring Fee		(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
	Bond Monitoring Fee		(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
	Total Expenses + Reserves		(1,162,352)	(1,202,144)	(1,241,024)	(1,281,262)	(1,322,903)
	Net Operating Income		644,457	649,835	657,254	664,474	671,476
	Annual Bond Debt Service		(435,426)	(435,426)	(435,426)	(435,426)	(435,426)
	HCD		(80,136)	(80,136)	(80,136)	(80,136)	(80,136)
	Debt Service Coverage		1.25x	1.26x	1.27x	1.29x	1.30x
3.00%	Available Cash Flow after Permanent Loan Debt Service		128,895	134,273	141,692	148,912	155,914
3.00%	Managing GP Fee			0	0	0	0
	LP Fee		(7,500)	(7,725)	(7,957)	(8,195)	(8,441)
	Project Cash Flow Available for Residual Receipts Payments		121,395	126,548	133,735	140,716	147,472

I note that the Housing Commission's annual Bond monitoring after conversion declines to \$10,000.

Mr. Joe Correia
Re: Levant Senior Cottages - Supplemental
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If there is any additional information you require concerning the Development, Ross Financial will be pleased to provide a supplemental analysis.

Very truly yours,



Peter J. Ross
Principal



SAN DIEGO
HOUSING
COMMISSION

ATTACHMENT 7A - DEVELOPER'S
DISCLOSURE STATEMENT FOR WAKELAND
Real Estate Department

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

1. Name of CONTRACTOR: **Wakeland Housing and Development Corporation**
2. Address and Zip Code: **1230 Columbia Street, #950, San Diego, CA 92101**
3. Telephone Number: **(619) 677-2300**
4. Name of Principal Contact for CONTRACTOR: **Peter Armstrong**
5. Federal Identification Number or Social Security Number of CONTRACTOR: **33-0833640**
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

A corporation (Attach Articles of Incorporation)

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

A partnership known as: _____
(Name)

Check one

General Partnership (Attach statement of General Partnership)
 Limited Partnership (Attach Certificate of Limited Partnership)

A business association or a joint venture known as:

(Attach joint venture or business association agreement)

A Federal, State or local government or instrumentality thereof.

Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
Wakeland Housing and Development Corporation- December 23, 1998
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. **See attached list of Board of Directors**
 - c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
 - d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
 - e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.

Name, Address and
Zip Code

Position Title (if any) and
percent of interest or description
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): **None**

Name, Address and
Zip Code

Position Title (if any) and
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 attached list of Wakeland Housing and Development Corporation's Board Members.

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.

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.

Please see Financial Statements attached.

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:

Sources of capital will include capital funding from the SDHC, California Dept. of Housing and Community Development MHP Program, 4% tax credit equity and tax exempt/taxable bonds. Additionally, the project has an award of 70 project-based vouchers.

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

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

JP Morgan Chase

300 S. Grand Ave., Suite 300, Los Angeles, CA 90071

Approximate Amount: \$8,832,360

State Department of Housing and Community Development

2020 West El Camino Ave, Sacramento, CA 95833

Amount: \$19,080,000

San Diego Housing Commission

1122 Broadway, Suite 300, San Diego, CA 92101

Amount \$1,000,000

Boston Financial

101 Arch Street, Boston, Massachusetts 02110

Equity Amount: \$20,712,435

Wakeland Housing and Development Corporation

1230 Columbia Street, Suite 950, San Diego, CA 92101

Deferred Developer fee \$1,300,000

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

Wells Fargo Community Lending, Jessica Gonzalez

401 B Street, #304 San Diego, CA 92101

(747) 260-4646

Jessica.Gonzalez2@wellsfargo.com

California Community Reinvestment Corp., Mary Kaiser
225 West Broadway, Suite 120
Glendale, CA 91204
(818) 550-9801
Mary.Kaiser@e-ccrc.org

Banner Bank, Waheed Karim
742 Fletcher Pkwy
El Cajon, CA 92929
(619) 518-2610
Waheed.Karim@bannerbank.com

JP Morgan Chase- Eri Kameyama
300 South Grand, Suite 300, Los Angeles, CA 90071
(213) 621-8310
Eri.kameyama@chase.com

18. Has the CONTRACTOR or any of the CONTRACTOR's officers or principal members, shareholders or investors, or other interested parties been adjudged bankrupt, either voluntary or involuntary, within the past 10 years?
 Yes No

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

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

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

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

Not Applicable.

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

Not Applicable.

- 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 **Not Applicable.**

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: \$_____

Not Applicable.

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: **Not Applicable**

<u>Identification of Contract or Development</u>	<u>Location</u>	<u>Amount</u>	<u>Date to be Completed</u>
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- e. Outstanding construction-contract bids of such contractor or builder:

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date Opened</u>
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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: **Not Applicable.**

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:

Not Applicable.

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

 Yes No

If yes, explain: **See attached list**

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:

Cavignac & Associates, 450 B Street, Suite 1800, San Diego, CA 92101

Contract: matt Slakoff (619) 744-0549

See attached Certificate of Insurance.

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)]

See attached Certificate of Insurance

Check coverage(s) carried:

- Comprehensive Form
- Owned
- Hired
- Non-Owned

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

See attached Certificate of Insurance

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

Not Applicable

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

See attached Certificate of Insurance

- 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: **None**.
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: **None**.

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

The Wakeland Housing and Development, the Developer, has considerable experience and capacity in all stages of affordable housing development and management for projects that help build stronger communities and spur revitalization of blighted neighborhoods.

Wakeland's Land Acquisition and Development staff have extensive experience managing the development of affordable housing projects with federal and state funding sources. Wakeland Project Manager will work closely with public and private sector partners to secure financing, oversee the planning and design process, administer the selection and execution of construction and other contractors and ensure compliance with various project requirements. The Wakeland Project manager will be supported by the Director of Development and the Vice President of Real Estate to execute these functions.

Wakeland's Accounting Department will help the Project Manager and project team to administer funding for the project according to industry best practices and the fiscal/procurement requirements. The Chief Financial Officer, Controller, Staff Accountant within the Account Department will be responsible for the financial reporting in compliance with the rules and regulations.

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:

<u>Date</u>	<u>Entity Involved (i.e., CITY COMMISSION, etc.)</u>	<u>Status (Current, delinquent repaid, etc.)</u>	<u>Dollar Amount</u>
3/9/2019	SDHC – Beacon	Current	\$3,563,310
2/6/2019	SDHC – Ivey	Partially Drawn	\$6,500,000
5/3/2019	SDHC – Trinity	Partially Drawn	\$ 700,000
3/8/2019	City of San Diego	Purchase/Sale complete	\$2,105,000
8/30/2019	City of San Diego	Purchase/Sale complete	\$2,879,000

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: Ms. Ann Kern

Address: 1122 Broadway, Suite 300, San Diego, CA 92101

Phone: (619)578-7582

Project Name and Description: Village Green, 94 affordable units and
Talmadge, 60 affordable units.

Name: Ms. Margery Pierce

Address: 321 N. Nevada Street, Oceanside, CA 92054

Phone: (760) 435-3377

Project Name and Description: Country Club Apartments, 91 affordable units.

Name: **Stacy Kurz**

Address: **276 Fourth Ave, Chula Vista, CA 91910**

Phone: **(619)585-5698**

Project Name and Description: **Los Vecinos, 42**

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.

The Partnership will hire Allgire General Contractors to build the project. See attached Resume.

40. Give the name and experience of the proposed Construction Superintendent.
To be determined.

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("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 1 day of April, 2022, at San Diego, California.

CONTRACTOR

By:



Signature

Peter Armstrong

Title: Vice President of Real Estate Development

CERTIFICATION

The CONTRACTOR, Levant Senior Cottages LP, 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: Peter Armstrong By: _____
Peter Armstrong Title: _____
Title: VP of Real Estate Development Title: _____
Dated: April 1, 2022 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.

ATTEST:

State of California

County of San Diego

Subscribed and sworn to before me this 1st day of April, 2022.



SEAL

Helen Y. Subka
Signature of Notary

Helen Y. Subka
Name of Notary

30564580

ENDORSED - FILED
in the office of the Secretary of State
of the State of California

**CERTIFICATE OF AMENDMENT AND RESTATEMENT OF
ARTICLES OF INCORPORATION OF**

MAY 08 2001

BILL JONES, Secretary of State

WAKELAND HOUSING AND DEVELOPMENT CORPORATION

Stephen L. Kuptz and M. Scott Orrantia certify that:

1. They are the president and the secretary, respectively, of Wakeland Housing and Development Corporation, a California nonprofit corporation.
2. The Articles of Incorporation of this corporation are amended and restated to read as follows:

ARTICLES OF INCORPORATION

OF

WAKELAND HOUSING AND DEVELOPMENT CORPORATION

I. NAME OF CORPORATION

The name of the corporation is Wakeland Housing and Development Corporation.

II. PURPOSES

A. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public and charitable purposes.

B. The specific purpose of this corporation is to provide low and moderate income persons, elderly persons and disabled persons with affordable housing by acquiring and/or developing low and moderate income housing and providing ancillary economic development activities.

III. DEDICATION

This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States Internal

Revenue law). The property of this corporation is irrevocably dedicated to charitable purposes. No part of the net earnings of this corporation shall inure to the benefit of any of its directors, trustees, officers or members or to individuals, except that this corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its purpose.

IV. LIMITATIONS ON CORPORATE ACTIVITIES

No substantial part of the activities of this corporation shall consist of lobbying or propaganda, or otherwise attempting to influence legislation except as otherwise provided in Section 501(h) of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States Internal Revenue law), and this corporation shall not participate in, or intervene in (including publishing or distributing statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these articles, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of its purposes and this corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law), or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law).

V. DISSOLUTION

Upon the winding up and dissolution of this corporation, after paying or adequately providing for the debts, obligations and liabilities of this corporation, the remaining assets shall be distributed to such one or more nonprofit funds,

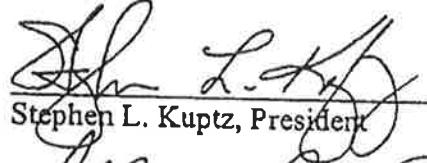
foundations or corporations which are organized and operated exclusively for charitable purposes and which have established their tax-exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law).

3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the Board of Directors.

4. The corporation has no members.

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

Dated: 5/4/, 2001



Stephen L. Kuptz, President



M. Scott Orrantia, Secretary



ARTICLES OF INCORPORATION

OF

WAKELAND HOUSING AND DEVELOPMENT CORPORATION

DEC 23 1998

BILL JONES, Secretary of State

I. NAME OF CORPORATION

The name of the corporation is Wakeland Housing and Development Corporation

II. PURPOSES

A. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public and charitable purposes.

B. The specific purpose of this corporation is to provide low and moderate income persons, elderly persons and disabled persons with affordable housing by acquiring and/or developing low and moderate income housing and providing ancillary economic development activities.

III. INITIAL AGENT FOR SERVICE OF PROCESS

The name and address of the initial agent of the corporation for service of process is:

Stephen L. Kuptz
5881 Copley Drive
San Diego, California 92111

IV. DEDICATION

This corporation is organized and operated exclusively for charitable, religious, educational, hospital and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States Internal Revenue law). The property of this corporation is irrevocably dedicated to the purposes set forth above. No part of the net earnings of this corporation shall inure to the benefit of any

of its directors, trustees, officers or members or to individuals, except that this corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its purpose.

V. LIMITATIONS ON CORPORATE ACTIVITIES

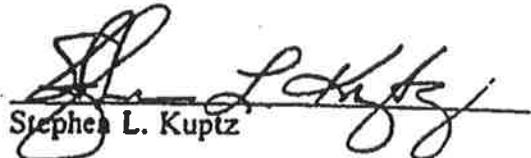
No substantial part of the activities of this corporation shall consist of lobbying or propaganda, or otherwise attempting to influence legislation except as otherwise provided in Section 501(h) of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States Internal Revenue law), and this corporation shall not participate in, or intervene in (including publishing or distributing statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these articles, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of its purposes and this corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law), or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law).

VI. DISSOLUTION

Upon the winding up and dissolution of this corporation, after paying or adequately providing for the debts, obligations and liabilities of this corporation, the remaining assets shall be distributed to such one or more nonprofit funds, foundations, or corporations which are organized and operated for charitable, religious, educational, hospital or scientific purposes, meeting the requirements for exemption provided by Section 214 of the California Revenue and Taxation Code and which have established their tax-exempt status under Section 501(c)(3) of the

Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law).

IN WITNESS WHEREOF, the undersigned, being the incorporator of the corporation, has executed these Articles of Incorporation on December 23, 1998.


Stephen L. Kuptz





STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO BOX 1286
RANCHO CORDOVA CA 95741-1286

In reply refer to
755:G :JCA

July 30, 1999

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
225 BROADWAY STE 1700
SAN DIEGO CA 92101-5015

Purpose : CHARITABLE
Code Section : 23701d
Form of Organization : Corporation
Accounting Period Ending: June 30
Organization Number : 2041532

THIS EXEMPTION IS GRANTED ON THE EXPRESS CONDITION THAT THE ORGANIZATION WILL SECURE FEDERAL EXEMPT STATUS WITH THE INTERNAL REVENUE SERVICE. THE ORGANIZATION IS REQUIRED TO FURNISH A COPY OF THE FINAL DETERMINATION LETTER TO THE FRANCHISE TAX BOARD WITHIN 9 MONTHS FROM THE DATE OF THIS LETTER.

You are exempt from state franchise or income tax under the section of the Revenue and Taxation Code indicated above.

This decision is based on information you submitted and assumes that your present operations continue unchanged or conform to those proposed in your application. Any change in operation, character, or purpose of the organization must be reported immediately to this office so that we may determine the effect on your exempt status. Any change of name or address must also be reported.

In the event of a change in relevant statutory, administrative, judicial case law, a change in federal interpretation of federal law in cases where our opinion is based upon such an interpretation, or a change in the material facts or circumstances relating to your application upon which this opinion is based, this opinion may no longer be applicable. It is your responsibility to be aware of these changes should they occur. This paragraph constitutes written advice, other than a chief counsel ruling, within the meaning of Revenue and Taxation Code Section 21012(a)(2).

You may be required to file Form 199 (Exempt Organization Annual Information Return) on or before the 15th day of the 5th month (4 1/2

July 30, 1999

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
ENTITY ID : 2041532

Page 2

months) after the close of your accounting period. Please see annual instructions with forms for requirements.

You are not required to file state franchise or income tax returns unless you have income subject to the unrelated business income tax under Section 23731 of the Code. In this event, you are required to file Form 109 (Exempt Organization Business Income Tax Return) by the 15th day of the 5th month (4 1/2 months) after the close of your annual accounting period.

Please note that an exemption from federal income or other taxes and other state taxes requires separate applications.

A copy of this letter has been sent to the Registry of Charitable Trusts.

J AMAYA
EXEMPT ORGANIZATION SECTION
PROCESSING SERVICES BUREAU
Telephone (916) 845-6644

EO :

CC :ELAINE A ROGERS

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: NOV 05 2003

WAKELAND HOUSING AND DEVELOPMENT
CORPORATION
625 BROADWAY STE 611
SAN DIEGO, CA 92101-0000

Employer Identification Number:
33-08333640
DLN:
17053263751073
Contact Person:
JANINE L ESTES ID# 31126
Contact Telephone Number:
(877) 829-5500
Public Charity Status:
170(b)(1)(A)(vi)

Dear Applicant:

Our letter dated August 20, 1999, stated you would be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code, and you would be treated as a public charity during an advance ruling period.

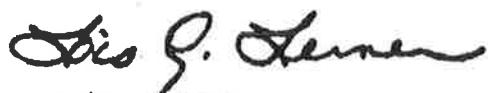
Based on our records and on the information you submitted, we are pleased to confirm that you are exempt under section 501(c)(3) of the Code, and you are classified as a public charity under the Code section listed in the heading of this letter.

Publication 557, Tax-Exempt Status for Your Organization, provides detailed information about your rights and responsibilities as an exempt organization. You may request a copy by calling the toll-free number for forms, (800) 829-3676. Information is also available on our Internet Web Site at www.irs.gov.

If you have general questions about exempt organizations, please call our toll-free number shown in the heading between 8:00 a.m. - 6:30 p.m. Eastern time.

Please keep this letter in your permanent records.

Sincerely yours,



Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
P. O. BOX 2508
CINCINNATI, OH 45201

Date: AUG 24 1999

WAKELAND HOUSING AND DEVELOPMENT
CORPORATION
C/O ELAINE A ROGERS
SULLIVAN WERTZ MCDADE & WALLACE
945 FOURTH AVE
SAN DIEGO, CA 92101

AUG 30 1999
DEPARTMENT OF THE TREASURY

Employer Identification Number:
33-0833640
DLN:
17053138014049
Contact Person:
ANGELA WRIGHT ID# 95328
Contact Telephone Number:
(877) 829-5500

Accounting Period Ending:
June 30
Foundation Status Classification:
2
Advance Ruling Period Begins:
December 23, 1998
Advance Ruling Period Ends:
June 30, 2003
Addendum Applies:
NO

Dear Applicant:

Based on information you supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably expect to be a publicly supported organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Accordingly, during an advance ruling period you will be treated as a publicly supported organization, and not as a private foundation. This advance ruling period begins and ends on the dates shown above.

Within 90 days after the end of your advance ruling period, you must send us the information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, we will classify you as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, we will classify you as a private foundation for future periods. Also, if we classify you as a private foundation, we will treat you as a private foundation from your beginning date for purposes of section 507(d) and 4940.

Grantors and contributors may rely on our determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you send us the required information within the 90 days, grantors and contributors may continue to rely on the advance determination until we make a final determination of your foundation status.

WAKELAND HOUSING AND DEVELOPMENT

If we publish a notice in the Internal Revenue Bulletin stating that we will no longer treat you as a publicly supported organization, grantors and contributors may not rely on this determination after the date we publish the notice. In addition, if you lose your status as a publicly supported organization, and a grantor or contributor was responsible for, or was aware of, the act or failure to act, that resulted in your loss of such status, that person may not rely on this determination from the date of the act or failure to act. Also, if a grantor or contributor learned that we had given notice that you would be removed from classification as a publicly supported organization, then that person may not rely on this determination as of the date he or she acquired such knowledge.

If you change your sources of support, your purposes, character, or method of operation, please let us know so we can consider the effect of the change on your exempt status and foundation status. If you amend your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, let us know all changes in your name or address.

As of January 1, 1984, you are liable for social security taxes under the Federal Insurance Contributions Act on amounts of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the private foundation excise taxes under Chapter 42 of the Internal Revenue Code. However, you are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please let us know.

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

Donors may deduct contributions to you only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, gives guidelines regarding when taxpayers may deduct payments for admission to, or other participation in, fundraising activities for charity.

Contributions to you are deductible by donors beginning December 23, 1998.

You are not required to file Form 990, Return of Organization Exempt From Income Tax, if your gross receipts each year are normally \$25,000 or less. If you receive a Form 990 package in the mail, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return. Because you will be treated as

WAKELAND HOUSING AND DEVELOPMENT

a public charity for return filing purposes during your entire advance ruling period, you should file Form 990 for each year in your advance ruling period that you exceed the \$25,000 filing threshold even if your sources of support do not satisfy the public support test specified in the heading of this letter.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$20 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding \$1,000,000 in any year, the penalty is \$100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. This penalty may also be charged if a return is not complete. So, please be sure your return is complete before you file it.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

The law requires you to make your annual return available for public inspection without charge for three years after the due date of the return. You are also required to make available for public inspection a copy of your exemption application, any supporting documents and this exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are made widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of \$20 a day for each day you do not make these documents available for public inspection (up to a maximum of \$10,000 in the case of an annual return).

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, we will assign a number to you and advise you of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

This ruling is based on the understanding that the majority of your Board of Directors will be non-salaried and will not be related to salaried personnel or to parties providing services. It is also based on the understanding that salaried individuals cannot vote on their own compensation and that compensation decisions will be made by the board.

In accordance with section 508(a) of the Code, the effective date of this determination letter is December 23, 1998.

WAKELAND HOUSING AND DEVELOPMENT

This determination is based on evidence that your funds are dedicated to the purposes listed in section 501(c)(3) of the Code. To assure your continued exemption, you should keep records to show that funds are spent only for those purposes. If you distribute funds to other organizations, your records should show whether they are exempt under section 501(c)(3). In cases where the recipient organization is not exempt under section 501(c)(3), you must have evidence that the funds will remain dedicated to the required purposes and that the recipient will use the funds for those purposes.

If you distribute funds to individuals, you should keep case histories showing the recipients' names, addresses, purposes of awards, manner of selection, and relationship (if any) to members, officers, trustees or donors of funds to you, so that you can substantiate upon request by the Internal Revenue Service any and all distributions you made to individuals. (Revenue Ruling 56-304, C.B. 1956-2, page 306.)

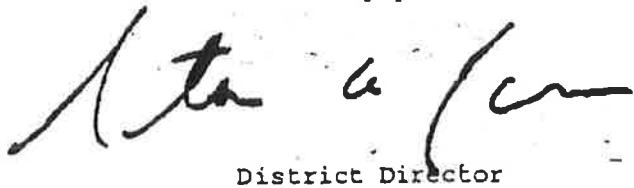
If we said in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help us resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



District Director

WAKELAND HOUSING AND DEVELOPMENT
BOARD OF DIRECTORS

Barry Schultz
Board Chair
Partner
Devaney Pate Morris & Cameron
402 W. Broadway, Suite #1300
San Diego, CA 92101
(619) 354-5028

Lina Ericsson
Board Secretary
Senior Vice President and
Associate General Counsel
Realty Income Corporation
11995 El Camino Real
San Diego, CA 92130
Ph. # (858) 284-5231

Steve Kuptz
Board Treasurer
Trinity Mortgage Fund, LLC
1565 Coast Blvd.
Del Mar, CA 92014
Ph. # (619) 980-8977

Jimmy Ayala
Board Member, Audit Committee Chair
Division President
Tri Pointe Homes
13400 Sabre Springs Parkway, Suite 200
San Diego, CA 92128
Ph.# (858) 794-2579

Jeff Brazel
**Board Member, Finance Committee
Chair**
JVB Real Estate Advisors
PO Box 502135
San Diego, CA 92150
Ph. # (619) 507-8800

Lisa Marie Harris
Board Member
Finance Director/Treasurer
San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123
Ph. # (619) 446-8396 cell
Ph.# (858) 552-6671 office

Jonathan Hunter
Board Member, Governance Committee Chair
JC Hunter Consulting
5715 Baltimore Drive, #83
La Mesa, CA 91942
Ph. # (619) 251-3393

James Lawson
Board Member
President
Presidio PAG, Inc.
427 C Street, Suite 210
San Diego, CA 92101
Ph. # (619) 535-1865

Launa Wilson
Board Member
2745 Brockton Avenue
Riverside, CA 92501
Ph: # (951) 850-0599

Lee Winslett
Board Member
Senior Vice President
Wells Fargo Community Lending
401 B Street, Suite 304-A
San Diego, CA 92101
Ph. # (619) 699-3037
Fax # (877) 786-4003

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020
with
Report of Independent Auditors



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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Wakeland Housing and Development Corporation:

We have audited the accompanying consolidated financial statements of Wakeland Housing and Development Corporation, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wakeland Housing and Development Corporation as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. Supplementary information (pages 34-41) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Novogradac & Company LLP

Portland, Oregon
October 21, 2021

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
Current Assets		
Cash and cash equivalents	\$ 10,010,279	\$ 7,526,135
Current portion of reserves	778,315	709,298
Tenant security deposits	578,802	516,322
Accounts receivable	775,814	588,255
Prepaid expenses	152,398	88,033
Notes receivable	22,271	406,749
Deposit	-	1,000,000
Due from related party	1,014,075	242,551
Total Current Assets	<u>13,331,954</u>	<u>11,077,343</u>
Noncurrent Assets		
Accrued interest receivable	569,292	358,405
Investment in securities	5,053,244	5,640,634
Investment in partnerships	1,783,003	-
Reserves, less current portion	11,980,123	8,893,932
Prepaid lease obligation	3,545,403	3,624,542
Fixed assets, net	290,293,756	272,162,923
Deferred charges, net	458,489	444,714
Construction in progress	81,560,542	39,908,993
Total Noncurrent Assets	<u>395,243,852</u>	<u>331,034,143</u>
Total Assets	<u><u>\$ 408,575,806</u></u>	<u><u>\$ 342,111,486</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 14,940,525	\$ 4,947,378
Accrued interest payable	33,024,839	29,160,808
Tenant security deposits payable	554,162	491,936
Developer fee payable	100,000	-
Deferred revenue	110,626	79,779
Deficiencies in limited partnerships	-	848,881
Current portion of notes payable, net of debt issuance costs	19,655,794	22,788,441
Total Current Liabilities	<u>68,385,946</u>	<u>58,317,223</u>
Noncurrent Liabilities		
Notes payable, less current portion and net of debt issuance costs	<u>274,469,147</u>	<u>222,985,424</u>
Total Liabilities	<u>342,855,093</u>	<u>281,302,647</u>
Net Assets		
Without donor restrictions		
Controlling interest	6,364,837	4,936,396
Non-controlling interest	59,355,876	55,872,443
Total Net Assets	<u>65,720,713</u>	<u>60,808,839</u>
Total Liabilities and Net Assets	<u><u>\$ 408,575,806</u></u>	<u><u>\$ 342,111,486</u></u>

see accompanying notes

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NET ASSETS WITHOUT DONOR RESTRICTIONS

	2021	2020
REVENUE AND OTHER SUPPORT		
Asset management fees	\$ 574,842	\$ 775,427
Forgiveness of debt - paycheck protection program	431,100	-
Contributions	2,878,388	157,700
Rental income	18,423,295	17,177,375
Development fees	-	302,613
Resident services	222,901	205,166
Interest income	458,701	398,221
Other income	329,027	506,388
Share of (loss) income from partnerships	(152)	242,591
Unrealized gain on securities	43,528	46,814
Gain on disposal of fixed assets	170,179	315,579
Total Revenue and Support	<u>23,531,809</u>	<u>20,127,874</u>
EXPENSES		
Program Services		
Rental operations		
Operating	12,072,855	11,224,665
Depreciation	10,445,634	10,158,226
Amortization	119,895	157,981
Interest	7,638,195	7,559,297
Development		
Development expenses	2,756,611	2,775,317
Bad debt expense	203,067	1,663,426
Resident services	950,371	966,205
Asset management	184,216	412,712
Total program services	<u>34,370,844</u>	<u>34,917,829</u>
Supporting Services		
Management and general		
Operational expenses	446,520	479,903
Donations	62,855	23,964
Depreciation	28,923	65,806
Total management and general	538,298	569,673
Fundraising	60,574	47,948
Total supporting services	598,872	617,621
Total Expenses	<u>34,969,716</u>	<u>35,535,450</u>
CHANGE IN NET ASSETS	<u>(11,437,907)</u>	<u>(15,407,576)</u>
Net assets at beginning of year	60,808,839	71,962,714
Limited partner contributions, net of distributions	16,349,781	4,253,701
NET ASSETS AT END OF YEAR	<u><u>\$ 65,720,713</u></u>	<u><u>\$ 60,808,839</u></u>

see accompanying notes

WAKELAND HOUSING AND DEVELOPMENT SERVICES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>					
	Supporting Services					
	Program Services	Management and General	Fundraising	Total Expenses		
EXPENSES						
General and administrative	\$ 1,941,638	\$ 56,591	\$ 2,225	\$ 2,000,454		
Payroll	6,620,250	335,946	52,305	7,008,501		
Utilities	2,511,318	3,797	200	2,515,315		
Taxes and insurance	791,219	214	11	791,444		
Repairs and maintenance	1,584,302	927	49	1,585,278		
Marketing and advertising	27,544	2,576	136	30,256		
Legal and professional	473,186	16,446	760	490,392		
Rent expense	249,313	35,303	1,858	286,474		
Asset management fee	878,984	-	-	878,984		
Miscellaneous expense	884,048	-	-	884,048		
Interest expense	7,638,195	-	-	7,638,195		
Depreciation expense	10,445,634	28,923	-	10,474,557		
Amortization	119,895	-	-	119,895		
Donations	2,250	57,575	3,030	62,855		
Total Expenses	<u>\$ 34,370,844</u>	<u>\$ 538,298</u>	<u>\$ 60,574</u>	<u>\$ 34,969,716</u>		

	<u>2020</u>					
	Supporting Services					
	Program Services	Management and General	Fundraising	Total Expenses		
EXPENSES						
General and administrative	\$ 1,758,277	\$ 60,405	\$ 2,438	\$ 1,821,120		
Payroll	6,509,997	327,352	39,509	6,876,858		
Utilities	2,299,902	4,185	220	2,304,307		
Taxes and insurance	671,854	23,903	1,258	697,015		
Repairs and maintenance	1,985,491	872	46	1,986,409		
Marketing and advertising	92,438	3,049	160	95,647		
Legal and professional	371,241	25,445	1,234	397,920		
Rent expense	222,882	34,692	1,826	259,400		
Asset management fee	858,768	-	-	858,768		
Miscellaneous expense	607,907	-	-	607,907		
Interest expense	7,559,297	-	-	7,559,297		
Depreciation expense	10,158,226	65,806	-	10,224,032		
Amortization	157,981	-	-	157,981		
Bad debt (recovery) expenses	1,663,426	-	-	1,663,426		
Donations	142	23,964	1,257	25,363		
Total Expenses	<u>\$ 34,917,829</u>	<u>\$ 569,673</u>	<u>\$ 47,948</u>	<u>\$ 35,535,450</u>		

see accompanying notes

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (11,437,907)	\$ (15,407,576)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	10,474,557	10,224,032
Amortization	119,895	157,981
Forgiveness of debt	(431,100)	-
Interest expense - debt issuance costs	221,808	133,708
Gain on disposal of fixed assets	(170,179)	(315,579)
Share of income (loss) from partnerships	152	(242,591)
Unrealized gain on securities	(43,528)	(46,814)
Bad debt expense	203,067	1,663,426
Change in accounts receivable	(187,559)	(47,100)
Change in prepaid expenses	(64,365)	11,484
Change in due from related party	(771,524)	(27,403)
Change in accrued interest receivable	(210,887)	(186,942)
Change in accounts payable and accrued expenses	5,776,451	600,277
Change in accrued interest payable	3,864,031	4,001,178
Change in tenant security deposits payable	62,226	(5,616)
Change in deferred revenue	30,847	(22,618)
Net cash provided by operating activities	<u>7,435,985</u>	<u>489,847</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from investment securities	630,918	2,122,181
Proceeds from notes receivable	181,411	374,697
Cash paid for deferred charges	(54,531)	(164,968)
Cash contributions to limited partnerships	(2,533,377)	(49,123)
Cash distributions from limited partnerships	901,341	2,092
Cash paid for fixed assets and construction in progress	<u>(65,770,064)</u>	<u>(32,001,389)</u>
Net cash used in investing activities	<u>(66,644,302)</u>	<u>(29,716,510)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	57,745,462	34,140,924
Payments on notes payable	(8,982,564)	(7,095,343)
Cash paid for debt issuance costs	(202,530)	(576,877)
Non-controlling contribution	16,349,781	4,253,701
Net cash provided by financing activities	<u>64,910,149</u>	<u>30,722,405</u>
Net change in cash, cash equivalents and restricted cash	5,701,832	1,495,742
Cash, cash equivalents and restricted cash at beginning of year	<u>17,645,687</u>	<u>16,149,945</u>
Cash, cash equivalents and restricted cash at end of year	<u>\$ 23,347,519</u>	<u>\$ 17,645,687</u>
Cash and cash equivalents	\$ 10,010,279	\$ 7,526,135
Tenant security deposits	578,802	516,322
Reserves	12,758,438	9,603,230
Total cash, cash equivalents and restricted cash	<u>\$ 23,347,519</u>	<u>\$ 17,645,687</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest - expensed	<u>\$ 3,552,356</u>	<u>\$ 3,424,411</u>

see accompanying notes

WAKELAND HOUSING AND DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

1. Organization

Wakeland Housing and Development Corporation (“Wakeland”) is a California Not-For-Profit Corporation. Its mission is to develop quality, affordable housing projects with resident education programs for low-income families by leveraging innovative financing and public-private partnerships. Through various ownerships, Wakeland has control over certain entities that provide services and housing for benefit of family services and those with special needs. The consolidated financial statements include the entities discussed below (collectively, the “Corporation”).

100% Owned Entities

The following entities are 100% owned or controlled by Wakeland (collectively, the “100% Owned Entities”):

Poinsettia Parks, LLC

Poinsettia Parks, LLC was established in November 2005 to acquire, own and operate a mobile home park located in Poway, California. Wakeland is the sole member of Poinsettia Parks, LLC.

Wakeland Opportunities for Affordable Housing

Wakeland Opportunities for Affordable Housing, a California Not-For-Profit Corporation (“WOAH”), was established in November 2014 to support Wakeland by providing affordable housing and related services for low-income and moderate-income persons who are in need of affordable, decent, safe and sanitary housing and related services.

Wakeland Entrada LP

Wakeland Entrada LP, a California limited partnership, was established in May 2017 to acquire, own, construct and operate a low income housing project located in Riverside, California. Wakeland is a 99.99% limited partner, Wakeland Entrada, LLC is a 0.005% managing general partner and RHDC Entrada LLC is a .005% co-general partner.

Cuatro at City Heights LP

Cuatro at City Heights LP, a California limited partnership, was established in July 2018 to acquire, own, construct and operate a low income housing project located in San Diego, California. Wakeland is a 99.99% limited partner and Cuatro at City Heights, LLC is a 0.01% managing general partner.

Wakeland Wilcox LP

Wakeland Wilcox LP, a California limited partnership, was established in August 2019 to acquire, own, construct and operate a low income housing project located in Los Angeles, California. Wakeland is a 99.99% limited partner and Wakeland Wilcox, LLC is a 0.01% managing general partner.

Wakeland Quincy LP

Wakeland Quincy LP, a California limited partnership, was established in August 2019 to acquire, own, construct and operate a low income housing project located in Los Angeles, California. Wakeland is a 99.99% limited partner and Wakeland Quincy, LLC is a 0.01% managing general partner.

Via Tijeras LP

Via Tijeras LP, a California limited partnership, was established on January 2018 to acquire, own, construct and operate a low income housing project located in Albuquerque, New Mexico. Wakeland is a 99.99% limited partner and Wakeland Via Tijeras, LLC is a 0.01% managing general partner. On July 5, 2019 Wakeland sold the property and dissolved the Partnership.

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2021 and 2020

1. Organization (continued)

100% Owned Entities (continued)

Wakeland Price Fourth Corner LP

Wakeland Price Fourth Corner LP, a California limited partnership, was established in September 21, 2020 to acquire, own, construct and operate a low income housing project located in San Diego, California. Wakeland is a 99.99% limited partner and Wakeland Price Fourth Corner LLC is a 0.01% managing general partner.

Wakeland Price UB LP

Wakeland Price UB LP, a California limited partnership, was established on September 28, 2020 to acquire, own, construct and operate a low income housing project in San Diego, California. Wakeland is a 99.99% limited partner and Wakeland Price UB LLC is a 0.01% managing general partner.

Consolidated Partnerships

Wakeland controls, through LLCs, the following consolidated lower-tier partnerships (collectively the “Consolidated Partnerships”) in which Wakeland is the controlling general partner:

<u>Consolidated Partnerships</u>	<u>GP % Ownership</u>
Beyer Boulevard Apartments, L.P.	0.01%
Camp Anza, L.P.*	0.0051%
Wakeland Anita, L.P.	0.01%
Amani Apartments LP	0.01%
Chesterfield Apartments, L.P.	0.01%
City Heights Ten, L.P.	0.009%
Country Club Apartments, L.P.	0.01%
Del Sol Apartments, L.P.	0.01%
Forester Square, L.P.	0.01%
Juniper Gardens, L.P.	0.01%
Levant Senior Cottages, L.P.**	0.008%
Lofts on Landis, L.P.	0.01%
Los Vecinos, L.P.	0.01%
Mission Heritage, L.P	0.005%
Mt Alifan Apartments, L.P.	0.01%
Parkside Terrace, L.P.	0.01%
Talmadge Gateway, L.P.	0.0055%
Wakeland Atmosphere, L.P.	0.01%
Wakeland Atmosphere II, L.P.	0.01%
Wakeland Beacon Apartments, L.P.	0.01%
Wakeland Grove, L.P.***	0.005%
Wakeland Trinity Place, L.P.***	0.005%
Wakeland Village Green Apartments, L.P.	0.01%
Wakeland Vista Grande Apartments, L.P.	0.01%

*WOAH is also the 0.0049% managing general partner.

**Wakeland is also the 99.99% limited partner.

***WOAH is also the 0.005% administrative general partner.

WAKELAND HOUSING AND DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

1. Organization (continued)

Other consolidated companies - LLCs

Wakeland establishes limited liability companies (collectively the “LLCs”) to serve as the managing general partner of limited partnerships to acquire, finance, build and operate a multifamily apartment complex intended for rental to residents of low income and to engage in any activities reasonably related thereto. Wakeland is the sole member of the below LLCs with the exception of Vista Las Flores, LLC which is owned 79% by WOAH and 21% by San Diego Community Housing Corporation.

The LLCs and their respective ownership percentages in limited partnerships are as follows:

<u>LLC</u>	<u>Date Established</u>	<u>Ownership %</u>	<u>Limited Partnerships</u>
Wakeland Del Sol, LLC	December 2005	0.01%	Del Sol Apartments, L.P.
Wakeland Parkside, LLC	March 2006	0.01%	Parkside Terrace, L.P.
Wakeland Los Vecinos, LLC	January 2007	0.01%	Los Vecinos, L.P.
Wakeland Country Club, LLC	November 2007	0.01%	Country Club Apartments, L.P.
Wakeland Village Green Apartments, LLC	May 2008	0.01%	Wakeland Village Green Apartments, L.P.
Wakeland Vista Grande Apartments, LLC	June 2008	0.01%	Wakeland Vista Grande Apartments, L.P.
Wakeland Atmosphere, LLC	August 2010	0.01%	Wakeland Atmosphere, L.P.
Wakeland Forester Square, LLC	March 2011	0.01%	Forester Square, L.P.
Wakeland Juniper Gardens, LLC	November 2011	0.01%	Juniper Gardens, L.P.
Wakeland Atmosphere II, LLC	April 2013	0.01%	Wakeland Atmosphere II, L.P.
Wakeland Camp Anza, LLC	May 2013	0.0051%	Camp Anza, L.P.
Wakeland Landis, LLC	June 2013	0.01%	Lofts on Landis, L.P.
Wakeland City Heights Ten, LLC	October 2013	0.009%	City Heights Ten, L.P.
Wakeland Mobley, LLC	March 2014	0.0005%	Mobley Lane Partners, L.P.
Wakeland Talmadge Gateway, LLC	May 2015	0.0055%	Talmadge Gateway, L.P.
Wakeland Grove, LLC	January 2016	0.005%	Wakeland Grove, L.P.
Wakeland Beacon, LLC	July 2016	0.01%	Wakeland Beacon Apartments, L.P.
Wakeland Casa Panorama, LLC	August 2016	0.005%	RAHF IV Casa Panorama , L.P.
Wakeland La Mesa, LLC	August 2016	0.001%	La Mesa Springs Preservation LP
Wakeland Miramar, LLC	August 2016	0.001%	Miramar Tower Preservation LP
Wakeland Grove LA, LLC	August 2016	0.005%	RAHF IV Grove, L.P.
Wakeland Entrada, LLC	April 2017	0.005%	Wakeland Entrada LP
Wakeland Creekside Village, LLC*	September 2017	0.05%	BRE MG Creekside Village LP
Wakeland Poinsettia, LLC	October 2017	-	N/A
Wakeland Vista Las Flores, LLC	October 2017	0.005%	Vista Las Flores LP
Wakeland Warm Springs Affordable, LLC	October 2017	0.004%	Fairfield Warm Springs Affordable LP
Wakeland Anita, LLC	November 2017	0.01%	Wakeland Anita LP
Wakeland Reverend Glenn Allison, LLC	December 2017	0.0046%	Reverend Glenn Allison LP
Wakeland Mission Heritage, LLC	January 2018	0.005%	Mission Heritage, L.P.
Wakeland Trinity Place, LLC	January 2018	0.005%	Wakeland Trinity Place LP
Wakeland Mt. Alifan, LLC	April 2018	0.01%	Mt. Alifan Apartments LP
Cuatro at City Heights, LLC	July 2018	0.01%	Cuatro at City Heights LP
Wakeland Amani, LLC	December 2018	0.01%	Amani Apartments LP
Wakeland Chesterfield, LLC	December 2018	0.01%	Chesterfield Apartments LP
Wakeland Levant, LLC	December 2018	0.008%	Levant Senior Cottages, L.P.
Wakeland Quincy, LLC	August 2019	0.01%	Wakeland Quincy, L.P.
Wakeland Wilcox, LLC	August 2019	0.01%	Wakeland Wilcox, L.P.
Wakeland Price Fourth Corner LLC	September 2020	0.01%	Wakeland Price Fourth Corner L.P.
Wakeland Price UB LLC	September 2020	0.01%	Wakeland Price UB L.P.

*BRE MG Creekside Village LP was sold November 20, 2020 and Wakeland Creekside Village LLC was dissolved March 26, 2021.

WAKELAND HOUSING AND DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

1. Organization (continued)

The following is a brief description of the Corporation's programs:

Rental operations

The Corporation owns and operates a mobile home park, and affordable housing projects to provide affordable housing to low and moderate income families, individuals, and resident education programs to the tenants. These expenses are composed of operational expenses such as utilities, operations and maintenance, taxes and insurance, depreciation, amortization, and interest.

Development

The Corporation's mission is to develop affordable housing using two methods: (1) acquisition and rehabilitation of existing multifamily residential housing; and (2) acquisition and entitlement of land and construction of new buildings.

Resident services

The resident services department is responsible for all onsite day-to-day resident services program implementation. The department provides initial set up, conducts ongoing assessments of community's program needs, and develops community partners while facilitating comprehensive programs for youth, adults and seniors. Wakeland supplements this department through its general fund.

Asset management

The asset management department administers all placed in service real estate in the Corporation's portfolio, which consists of 5,099 housing units. The department oversees all property tax abatement activities, monitors regulatory mandates, hires property management companies, provides property management oversight and develops operating budgets and capital improvement plans.

2. Summary of significant accounting policies

Basis of accounting

The Corporation prepares its consolidated financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Basis of presentation

The Corporation is required to report information regarding its consolidated financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. As of June 30, 2021 and 2020, the Corporation has no net assets or contributions with donor restrictions.

WAKELAND HOUSING AND DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

2. Summary of significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements include the accounts of Wakeland Housing and Development Corporation, 100% owned entities, the LLCs, and the Consolidated Partnerships. All material intercompany transactions have been eliminated in consolidation.

Investment in partnerships – equity method

The Corporation uses the equity method of accounting for its investments in 24 limited partnerships in which the Corporation serves as a co-general partner, as the Corporation does not control the major operating and financial policies of the limited partnerships. Under this method, the Corporation's share of income, losses, and distributions incurred by the limited partnerships is recognized as an increase or reduction of the carrying value of the investments.

The following investments in partnerships are recorded under the equity method:

<u>Partnership</u>	<u>Ownership %</u>
Vista Las Flores LP	0.005%
Westgate Courtyards, L.P.	0.005%
Westchester Park, L.P.	0.10%
BRE MG Creekside Village LP	0.05%
Trinity Escondido 1, L.P.	0.005%
Walden Glen L.P.	0.02%
The Stratton, L.P.	0.02%
Fairfield Bristol, L.P.	0.02%
Canyon Rim, L.P.	0.02%
Fairfield Trestles L.P.	0.02%
Lillian Place, L.P.	0.005%
FF Hills, L.P.	0.02%
Fairfield Wyndover L.P.	0.02%
Mobley Lane Partners, L.P.	0.005%
Fairfield Belmont, L.P.	0.02%
Fairfield Creekview, L.P.	0.02%
Fairfield Turnleaf, L.P.	0.02%
La Mesa Springs Preservation LP	0.001%
Miramar Tower Preservation LP	0.001%
RAHF IV Casa Panorama, L.P.	0.005%
Reverend Glenn Allison LP	0.0046%
RAHF IV Grove, L.P.	0.005%
Fairfield Warm Springs Affordable LP	0.004%
Mission Terrace MGP, LLC	21.0%

Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents includes all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition.

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

2. Summary of significant accounting policies (continued)

Cash and cash equivalents (continued)

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for funding of operating deficits, repairs or improvements to the buildings that extend their useful lives, annual payments of tax and insurance, debt service payments, payments of tenant service fees, payments of asset management fees, and refunds of tenant security deposits. Restricted cash does not fall under the criteria for donor restricted net assets as these funds are held for operational purposes rather than donor imposed restrictions.

Concentration of credit risk

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

Accounts receivable

Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Fair value measurements

The Corporation applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

Level 1: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Unobservable inputs that reflect the Organization's own assumptions.

WAKELAND HOUSING AND DEVELOPMENT CORPORATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2021 and 2020

2. Summary of significant accounting policies (continued)**Fair value measurements (continued)**

The following tables present the Corporation's assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of June 30, 2021 and 2020:

	Fair value at June 30, 2021	Fair value at June 30, 2020
	Level 1	Level 1
Investment in securities	\$ 5,053,244	\$ 5,640,634

The Corporation's financial instruments are cash and cash equivalents, cash reserves, accounts payable and accrued liabilities. The recorded values of cash and cash equivalents, cash reserves, accounts payable and accrued liabilities approximate fair value values based on their short-term nature.

Investments

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of individual lots. Interest income is recorded when earned and dividends are recorded on the ex-dividend date.

Investments are made according to the finance policy adopted by the Corporation's Board of Directors. The guidelines provide for investment in equities, fixed income, and other securities with performance measured against appropriate indices. Outside advisors are utilized by the Corporation for the purpose of providing investment and consulting advice.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

As of June 30, 2021 and 2020, the investments in securities including municipal and corporate bonds and floating rate debt instruments were \$5,053,244 and \$5,640,634, respectively.

Notes receivable

Amounts due from entities are recorded based on the total funds advanced to the consolidated entities, less an allowance for loan losses. Management assesses the collectability of loans or notes receivable to entities on a periodic basis, which assessment consists primarily of an evaluation of cash flow projections of the borrower to determine whether estimated cash flows are sufficient to repay principal and interest in accordance with the contractual terms of the arrangement. The adequacy of the allowance for loan losses is based on the likelihood of collection and the consolidated entities' compliance with the terms of repayment. Amounts outstanding that are contractually delinquent less than 90 days are generally not considered impaired, unless the borrower has claimed bankruptcy or the Corporation has received specific information concerning nonpayment.

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

2. Summary of significant accounting policies (continued)

Notes receivable (continued)

The Corporation recognizes impairment on these instruments when it is probable that principal and interest will not be received in accordance with the contractual terms of the arrangement. The amount of the impairment to be recognized generally is based on the fair value of the underlying collateral, which represents the primary source of loan repayment. The fair value of the collateral, which is generally comprised of real estate, other equipment and certain cash flows, is estimated through income and market valuation approaches using information such as broker estimates, purchase prices for recent transactions on comparable assets and net operating income capitalization analyses using observable and unobservable inputs such as capitalization rates, asset quality grading, geographic location analysis, and local supply and demand observations.

The Corporation's key credit quality indicator is a loan's performance status, defined as accruing or nonaccruing. Performing loans are considered to have a lower risk of loss. Amounts due from consolidated entities are placed on nonaccrual status when management believes, after considering economic conditions, business conditions, and collection efforts, that these instruments are impaired or collection of interest is doubtful. Uncollectible interest previously accrued is charged off, or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received and the principal balance is believed to be collectible. There were no loans on nonaccrual status and still accruing interest at June 30, 2021 and 2020. As of June 30, 2021 and 2020, the allowance for loan losses was \$2,238,495 for both years.

Fixed assets and depreciation

The Corporation capitalizes all expenditures in excess of \$1,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as having donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Building	27.5 - 40 years
Improvements	15 - 40 years
Computer equipment	5 years
Office equipment	5 - 7 years
Vehicles	5 years

For the years ended June 30, 2021 and 2020, depreciation for rental operations was \$10,445,634 and \$10,158,226, respectively, and for financial expenses was \$28,923 and \$65,806, respectively. Total depreciation expense for the years ended June 30, 2021 and 2020 was \$10,474,557 and \$10,224,032, respectively.

WAKELAND HOUSING AND DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

2. Summary of significant accounting policies (continued)Fixed assets and depreciation (continued)

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Construction in progress

In the normal course of business, the Corporation incurs costs when determining the viability of a real estate development. The Corporation capitalizes these costs until the project is transferred to a separate entity or it is determined not to be feasible and thereafter written off. Construction in progress consists of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Construction in progress - Amani	\$ 7,194,601	\$ 1,871,834
Construction in progress - Anita	6,362,891	1,327,900
Construction in progress - Chesterfield	7,444,771	1,571,582
Construction in progress - Cuatro	1,501,244	772,395
Construction in progress - Entrada	1,574,065	1,109,857
Construction in progress - Grove	-	18,735,910
Construction in progress - Levant	568,202	200,246
Construction in progress - Mission Heritage	10,717,601	2,737,046
Construction in progress - Mt. Alifan	15,560,968	3,831,925
Construction in progress - Quincy	1,863,829	-
Construction in progress - Trinity	22,605,977	5,151,761
Construction in progress - Wilcox	2,244,567	735,245
Project development - Wakeland	3,921,826	1,863,292
Total construction in progress	<u>\$ 81,560,542</u>	<u>\$ 39,908,993</u>

Deferred charges and amortization

Tax credit fees are amortized on a straight-line basis over the 15-year tax credit compliance period. As of June 30, 2021 and 2020, the tax credit fees were \$838,360 and \$831,540, respectively. As of June 30, 2021 and 2020, accumulated amortization was \$379,871 and \$386,826, respectively. Amortization expense for the years ended June 30, 2021 and 2020 was \$119,895 and \$157,981, respectively.

Impairment of long-lived assets

The Corporation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. There were no impairment losses recognized as of June 30, 2021 and 2020.

WAKELAND HOUSING AND DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

2. Summary of significant accounting policies (continued)

Compensated absences

Accumulated unpaid vacation and other employee benefit amounts totaling \$394,210 and \$302,297 at June 30, 2021 and 2020, respectively, are accrued when incurred and included in accounts payable and accrued expenses.

Income taxes

Wakeland and WOAH are public charities and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Wakeland and WOAH believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements.

Income taxes on partnership and LLC income are levied on the partners and members in their individual capacity. Accordingly, all profits and losses of the 100% Owned Entities and Consolidated Partnerships are recognized by each partner and member on its respective tax return.

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires the Corporation to report information regarding its exposure to various tax positions taken by the Corporation. The Corporation has determined whether any tax positions have met the recognition threshold and has measured the Corporation's exposure to those tax positions. Management believes that the Corporation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Corporation are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying consolidated financial statements.

Property tax exemption

The Corporation's real estate holdings are exempt from real property taxes. In the event such exemption is not renewed annually or no longer available, the Corporation's cash flow would be negatively impacted.

Donated services

The Corporation utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the consolidated financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2021 and 2020, did not meet the requirements above, therefore no amounts were recognized in the consolidated financial statements.

Revenue recognition

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other income includes fees for late payments, cleaning, damages, laundry facilities and other charges and is recorded when earned. Developer fee income, asset management fee income, resident services fee income, and interest income are recognized when earned.

WAKELAND HOUSING AND DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Deferred revenue is defined as income received prior to the income being earned and is recorded as a liability. Deferred income is reduced and recorded as income as the income is earned. Advance receipts of rental income are deferred or classified as liabilities until earned and totaled \$110,626 and \$79,779 for the years ended June 30, 2021 and 2020, respectively.

Economic concentrations

The Corporation receives a significant amount of revenue from the projects in which it is the general partner. These sources of funds are dependent upon the continued successful development and management of these projects. The operations of these projects are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies.

The Corporation, either as a direct owner, advisor or general partner, has an economic interest in real estate projects that are subject to business risks associated with the economy and level of unemployment in California, which affects occupancy, as well as the tenants' ability to make rental payments. In addition, these projects operate in a heavily regulated environment.

Functional expenses

The costs of providing program services and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services. Such allocations are determined by management on an equitable basis.

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

2. Summary of significant accounting policies (continued)

Functional expenses (continued)

The expenses that are allocated include the following:

Type of Expense	Base of Allocation
Functional	
General and administrative	Direct Allocation
Payroll	Direct Allocation
Utilities	Direct Allocation
Taxes and insurance	Direct Allocation
Repairs and maintenance	Direct Allocation
Marketing and advertising	Direct Allocation
Legal and professional	Direct Allocation
Rent expense	Direct Allocation
Interest expense	Direct Allocation
Depreciation expense	Time and effort
Miscellaneous expenses	Direct Allocation

Subsequent events

Subsequent events have been evaluated through October 21, 2021, which is the date the consolidated financial statements were available to be issued. See Note 15 for subsequent events requiring disclosure.

3. Liquidity and availability of financial assets

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 10,010,279
Due from related party	1,014,075
Accounts receivable	<u>775,814</u>
Total	<u>\$ 11,800,168</u>

The Corporation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Corporation considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. The Corporation has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities. In addition, the Corporation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

4. Restricted cash

Funded reserves are held by a financial institution to be used for reserves, including money market fund and short-term investment. All other entities funded reserves are held by a financial institution to be used for debt service, repairs and replacement, and tax and insurance escrow.

	2021	2020
Restricted reserves - Consolidated Partnerships	\$ 11,980,123	\$ 8,893,932
Tenant security deposits - Consolidated Partnerships	578,802	516,322
Restricted reserves - Wakeland Poway development fund - Poinsettia Parks, LLC	778,315	709,298
Total restricted reserves	\$ 13,337,240	\$ 10,119,552
Current		
Tenant security deposits	\$ 578,802	\$ 516,322
Wakeland Poway development fund - Poinsettia Parks, LLC	778,315	709,298
Total current restricted reserves	\$ 1,357,117	\$ 1,225,620
Noncurrent		
Other reserves - consolidated partnerships	\$ 11,980,123	\$ 8,893,932

5. Deposit

In January 2017, Wakeland made a deposit for an option to purchase Trinity Housing Investments 1, LLC's limited partner interest in Trinity Escondido 1, L.P in the amount of \$1,000,000. The option to purchase the limited partner interest was exercised June 28, 2021.

6. Transaction with related parties

The Corporation provides advances to cover certain predevelopment and operating expenses to limited partnerships of which the Corporation is the General Partner. As of June 30, 2021 and 2020, the Corporation was owed \$1,014,075 and \$242,551, respectively.

7. Notes receivable

The Corporation has advanced funds to certain limited partnerships in which the Corporation is the general partner. The Corporation also earns developer fees from services performed in connection with the development and construction of the low income housing tax credit projects. Notes receivable consist of the following as of June 30, 2021 and 2020:

	2021	2020
Lillian Place, L.P. - note receivable	\$ 574,839	\$ 574,839
Reverend Glenn Allison LP - note receivable	570,000	570,000
Reverend Glenn Allison LP - developer fee receivable	-	129,136
Vista Las Flores LP - note receivable	1,093,656	1,093,656
Vista Las Flores LP - developer fee receivable	22,271	277,613
Allowance	<u>(2,238,495)</u>	<u>(2,238,495)</u>
Total notes receivable	\$ 22,271	\$ 406,749

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

7. Notes receivable (continued)

Accrued interest receivable on notes receivable totaled \$569,292 and \$358,405 at June 30, 2021 and 2020, respectively, and is included in accrued interest receivable on the statements of financial position. For the years ended June 30, 2021 and 2020, bad debt expense was \$203,067 and \$1,663,426, respectively.

8. Fixed assets

Fixed assets consisted of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Land	\$ 78,253,841	\$ 68,576,304
Building	271,772,097	255,981,337
Improvements	18,361,322	16,247,670
Furniture Fixtures and Equipment	6,669,167	5,931,800
Vehicles	7,000	7,000
Subtotal	375,063,427	346,744,111
Less: accumulated depreciation	(84,769,671)	(74,581,188)
Fixed assets, net	<u>\$ 290,293,756</u>	<u>\$ 272,162,923</u>

9. Investment in limited partnerships

The Corporation owns a general partner interest in limited partnerships accounted for on the equity method. The following are the share of investments (deficiencies) in the Corporation's partnership capital accounts at June 30, 2021 and 2020:

	2021	2020
Wakeland's Share of Investment (Deficiency) in Partnership		
Canyon Rim, L.P.	\$ (14,908)	\$ (3,961)
Fairfield Belmont, L.P.	(4,734)	668
Fairfield Bristol, L.P.	(966)	101
Fairfield Creekview, L.P.	(10,997)	(364)
Fairfield Trestles L.P.	(2,358)	(34)
Fairfield Turnleaf, L.P.	(5,601)	(82)
Fairfield Wyndover L.P.	(6,016)	(109)
FF Hills, L.P.	(8,499)	(192)
Lillian Place, L.P.	(20,103)	272,225
Mission Terrace MGP, LLC	21	21
The Stratton, L.P.	(6,388)	(305)
Trinity Escondido 1, L.P.	(3,894)	(3,882)
Vista Las Flores LP - Wakeland	(1,093,656)	(1,093,656)
Walden Glen L.P.	(3,237)	(53)
Westchester Park, L.P.	(14,643)	1,850
Westgate Courtyards, L.P.	(59,745)	(59,809)
Subtotal	<u>(1,255,724)</u>	<u>(887,582)</u>

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

9. Investment in limited partnerships (continued)

	2021	2020
LLC's Share of Investment (Deficiency) in Partnership		
Trinity Escondido 1, L.P.	3,000,000	-0-
La Mesa Spring Preservation LP	(2,456)	(2,457)
Miramar Tower Preservation LP	(7,733)	(7,644)
Mobley Lane Partners, L.P.	(151)	(149)
RAHF IV Casa Panorama, L.P.	(397)	(448)
RAHF IV Grove, L.P.	8	6
Reverend Glenn Allison, L.P.	(3)	30
Fairfield Warm Spring Affordable LP	6	-0-
Vista Las Flores, L.P.	49,453	49,363
Subtotal	<u>3,038,727</u>	<u>38,701</u>
Total Share of Investment (Deficiency) in Partnerships	<u><u>\$ 1,783,003</u></u>	<u><u>\$ (848,881)</u></u>

10. Investment partnerships – revenue earned

The Corporation provided development, asset management and resident services to partnerships for which it earned the following amounts for the year ended June 30, 2021:

	Developer Fees	Asset		Resident Services
		Management Fees	Fees	
BRE MG Creekside Village LP	\$ -	\$ 26,002	\$ 9,940	
Canyon Rim, L.P.	-	91,375		39,874
Fairfield Belmont L.P.	-	33,058		-
Fairfield Bristol, L.P.	-	10,715		-
Fairfield Creekview L.P.	-	51,422		-
Fairfield Trestles L.P.	-	13,827		-
Fairfield Turnleaf L.P.	-	27,472		-
Fairfield Wyndover, L.P.	-	27,331		19,964
FF Hills LP	-	43,610		-
La Mesa Springs Preservation LP	-	-		60,124
Lillian Place, L.P.	-	10,917		-
Mobley Lane Partners, L.P.	-	-		5,720
Reverend Glenn Allison LP	-	12,699		-
The Stratton LP	-	56,090		24,684
Trinity Escondido 1, L.P.	-	41,883		36,012
Vista Las Flores LP	-	1,574		-
Wakeland Casa Panorama, LLC	-	23,116		-
Wakeland Grove LA, LLC	-	12,969		-
Walden Glen LP	-	25,883		14,715
Westgate Courtyards, L.P.	-	37,397		-
Westchester Park, L.P.	<u>-</u>	<u>27,502</u>		<u>11,868</u>
Total	<u><u>\$ -</u></u>	<u><u>\$ 574,842</u></u>		<u><u>\$ 222,901</u></u>

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

10. Investment partnerships – revenue earned (continued)

The Corporation provided development, asset management and resident services to partnerships for which it earned the following amounts for the year ended June 30, 2020:

	Developer Fees	Asset Management Fees	Resident Services
BRE MG Creekside Village LP	\$ -	\$ 30,972	\$ 25,189
Canyon Rim, L.P.	- -	105,125	38,713
Fairfield Belmont L.P.	- -	41,687	-
Fairfield Bristol, L.P.	- -	13,371	-
Fairfield Creekview L.P.	- -	64,092	-
Fairfield Trestles L.P.	- -	14,984	-
Fairfield Turnleaf L.P.	- -	31,897	-
Fairfield Wyndover, L.P.	- -	32,969	19,383
FF Hills LP	- -	55,332	-
La Mesa Springs Preservation LP	- -	- -	29,618
Lillian Place, L.P.	- -	10,492	-
Miramar Tower Preservation LP	25,000	- -	-
Mobley Lane Partners, L.P.	- -	- -	4,738
Reverend Glenn Allison LP	- -	21,395	-
The Stratton LP	- -	63,537	23,965
Trinity Escondido 1, L.P.	- -	41,063	34,963
Vista Las Flores LP	277,613	59,512	2,789
Wakeland Casa Panorama, LLC	- -	58,869	-
Wakeland Creekside Village, LLC	- -	8,155	-
Wakeland Grove LA, LLC	- -	12,617	-
Wakeland Miramar, LLC	- -	11,044	-
Walden Glen LP	- -	31,767	14,286
Westgate Courtyards, L.P.	- -	36,403	-
Westchester Park, L.P.	- -	30,444	11,522
Total	<u>\$ 302,613</u>	<u>\$ 775,427</u>	<u>\$ 205,166</u>

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

11. Notes payable

Notes payable consisted of the following at June 30, 2021 and 2020:

	2021	2020
<u>Wakeland Housing and Development Corporation</u>		
<u>Union Bank, N.A.</u>		
On April 1, 2014, Wakeland obtained a loan (the “Union Bank Note”) from Union Bank, N.A in the amount of \$400,000. The Union Bank Note has a fixed interest rate of 2.5% per annum. After exercising a two year extension the loan matures on April 1, 2023. The Union Bank Note is secured by Wakeland. Interest is payable quarterly, in arrears, on the first day of the first month of each quarter beginning July 1, 2014. The outstanding principal balance of the note and accrued but unpaid interest shall be due and payable on the maturity date. As of June 30, 2021 and 2020, accrued interest was \$-0- for both years. For the years ended June 30, 2021 and 2020, interest expense was \$10,000 for each year.	\$ 400,000	\$ 400,000
<u>Wells Fargo Community Investment Holdings</u>		
On May 26, 2017, Wakeland obtained a loan from Wells Fargo Community Investment Holdings (the “Wells Fargo Note”) in the amount of \$750,000. The Wells Fargo Note has a fixed interest rate of 2.0% per annum, and matures on March 1, 2027 on which date all outstanding principal and interest is due. The Wells Fargo Note is secured by Wakeland. Interest is payable quarterly, in arrears, on the first day of the first month of each quarter. Payments of principal and interest equal to \$93,750 shall be made quarterly beginning in June 1, 2025. As of June 30, 2021 and 2020, accrued interest was \$1,250 and \$-0-, respectively. For the years ended June 30, 2021 and 2020, interest expense was \$15,000 for each year.	\$ 750,000	\$ 750,000
<u>Wells Fargo AHP Federal Home Loan</u>		
On January 9, 2017, Wakeland obtained a loan (the “Wells Fargo AHP Loan”) from Wells Fargo Financial National Bank. The Wells Fargo AHP Federal Home Loan was in the amount of \$350,000, has no interest, and matures on October 1, 2071. The Wells Fargo AHP Loan is secured by Wakeland. All unpaid principal is due and payable on October 1, 2071. The proceeds of the Wells Fargo AHP Loan are designated for Talmadge Gateway, L.P. As of June 30, 2021 and 2020, accrued interest was \$-0- for both years. For the years ended June 30, 2021 and 2020, interest expense was \$-0- for each year.	\$ 350,000	\$ 350,000

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

11. Notes payable (continued)

	2021	2020
<u>Wakeland Housing and Development Corporation (continued)</u>		
<u>U.S. Bancorp Community Development Corporation</u> On November 1, 2007, Wakeland obtained a loan (the “U.S. Bank EQ2 Funds Note”) from U.S. Bancorp Community Development Corporation. The U.S. Bancorp Note is in the amount \$500,000, has a fixed interest rate of 4.0% per annum, and matures on November 1, 2022. The U.S. Bank EQ2 Funds Note is secured by Wakeland. Interest is payable quarterly. All unpaid principal and interest is due and payable on November 1, 2022. As of June 30, 2021 and 2020, accrued interest was \$-0- for both years. For the years ended June 30, 2021 and 2020, interest expense was \$20,000 for each year.	\$ 500,000	\$ 500,000
<u>Wells Fargo AHP RGA Home Loan</u> On December 1, 2017, Wakeland obtained a loan (the “Wells Fargo AHP RGA Loan”) from Wells Fargo Financial National Bank. The Wells Fargo AHP RGA Home Loan is in the amount of \$570,000, has no interest, and matures on October 1, 2034. The Wells Fargo AHP RGA Loan is secured by Wakeland. All unpaid principal is due and payable on December 1, 2034. The proceeds of the Wells Fargo AHP RGA Loan are designated for Reverend Glenn Allison LP. As of June 30, 2021 and 2020, accrued interest was \$-0- for both years. For the years ended June 30, 2021 and 2020, interest expense was \$-0- for each year.	\$ 570,000	\$ 570,000
<u>Wells Fargo AHP Grove Home Loan</u> On March 13, 2019, Wakeland obtained a loan (the “Wells Fargo AHP Grove Loan”) from Wells Fargo Financial National Bank. The Wells Fargo AHP Grove Home Loan is in the amount of \$800,000, has no interest, and matures on March 13, 2034. The Wells Fargo AHP Grove Loan is secured by Wakeland. All unpaid principal is due and payable on March 13, 2034. The proceeds of the Wells Fargo AHP Grove Loan are designated for Wakeland Grove, LP. As of June 30, 2021 and 2020, accrued interest was \$-0- for both years. For the years ended June 30, 2021 and 2020, interest expense was \$-0- for each year.	\$ 800,000	\$ 800,000

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

11. Notes payable (continued)

	2021	2020
<u>Wakeland Housing and Development Corporation (continued)</u>		
<u>Wells Fargo AHP Trinity Home Loan</u> On October 1, 2020, Wakeland obtained a loan (the “Wells Fargo AHP Trinity Loan”) from Wells Fargo Financial National Bank. The Wells Fargo AHP Trinity Home Loan is in the amount of \$730,000, has no interest, and matures on October 1, 2075, on which date all outstanding principal and interest is due. The Wells Fargo AHP Trinity Loan is secured by Wakeland. The proceeds of the Wells Fargo AHP Trinity Loan are designated for Wakeland Trinity Place LP. As of June 30, 2021 and 2020, accrued interest was \$-0- for both years. For the years ended June 30, 2021 and 2020, interest expense was \$-0- for each year.	\$ 730,000	\$ -0-
<u>CCDFI AHP Amani Home Loan</u> On November 1, 2020, Wakeland obtained a loan (the “CCDFI AHP Amani Loan”) from Clearinghouse Community Development Financial Institution. The CCDFI AHP Amani Home Loan is in the amount of \$530,000, has no interest, and matures 15 years after the Project, as defined in the promissory note, is placed in service. All outstanding principal and interest is due at maturity. The CCDFI AHP Amani Loan is secured by Wakeland. The proceeds of the CCDFI AHP Amani Loan are designated for Amani Apartments LP. As of June 30, 2021 and 2020, accrued interest was \$-0- for both years. For the years ended June 30, 2021 and 2020, interest expense was \$-0- for each year.	\$ 530,000	\$ -0-
<u>Wells Fargo AHP Ivy Home Loan</u> On April 1, 2020, Wakeland obtained a loan (the “Wells Fargo AHP Ivy Loan”) from Wells Fargo Financial National Bank. The Wells Fargo AHP Ivy Home Loan is in the amount of \$520,000, has no interest, and matures on April 1, 2075, on which date all outstanding principal and interest is due. The Wells Fargo AHP Ivy Loan is secured by Wakeland. The proceeds of the Wells Fargo AHP Ivy Loan are designated for Wakeland Mt. Alifan Apartments LP. As of June 30, 2021 and 2020, accrued interest was \$-0- for both years. For the years ended June 30, 2021 and 2020, interest expense was \$-0- for each year.	\$ 520,000	\$ -0-

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

11. Notes payable (continued)

	2021	2020
<u>Wakeland Housing and Development Corporation (continued)</u>		
<u>US Small Business Administration PPP Loan</u>		
On April 22, 2020, Wakeland obtained a loan from the US Small Business Administration under the Paycheck Protection Program (“PPP”) in the amount of \$431,100 (the “PPP Loan”). The application for the PPP Loan requires the Corporation to, in good faith, certify that the current economic uncertainty resulting from the COVID-19 pandemic made the loan request necessary to support the ongoing operation of the Corporation. This certification further requires the Corporation to take into account its current business activity and its ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of funds from the PPP Loan is dependent on the initial qualification of the Corporation for the PPP Loan. Forgiveness of the PPP Loan is dependent on the use of such funds for certain expenditures such as payroll costs and rent, as required by the terms of the PPP Loan. During 2021, the PPP Loan was forgiven and is included in forgiveness of debt on the consolidated statement of change in net assets. As of June 30, 2021 and 2020, accrued interest was \$-0- for both years. For the years ended June 30, 2021 and 2020, interest expense was \$-0- for each year.	\$ -0- \$ 431,100	
<u>Local Initiatives Support Corporation</u>		
On December 23, 2020 the Company entered into two loan agreements with Local Initiative Support Corporation each in an amount not to exceed \$500,000 (“LISC Loans”). The LISC Loans each bear interest at a rate of 4.5% and 6% per annum and are secured by Wakeland. Interest is paid via a prefunded interest reserve. The LISC Loans mature on December 12, 2023 on which date all unpaid principal and interest is due. The proceeds from the LISC Loans are intended to be used for Wakeland Price UB and Wakeland Price Fourth Corner. As of June 30, 2021 and 2020 accrued interest was \$-0- for both years. For the years ended June 30, 2021 and 2020 interest capitalized was \$11,481 and \$-0-, respectively.	\$ 800,456 \$ -0-	

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

11. Notes payable (continued)

	2021	2020
<u>Poinsettia Parks, LLC</u>		
<u>NorthMarq Capital Loan</u>		
On September 12, 2017, the Company obtained a loan (the “NorthMarq Capital Loan”) from NorthMarq Capital Finance, LLC. The NorthMarq Capital Loan was in the amount of \$24,250,000, has an interest rate of 3.89% per annum, and matures on October 1, 2027. Payments on the loan began on November 1, 2017. Monthly payments of \$114,241 of principal and interest are due the first day of each month. The NorthMarq Capital Loan is secured by a first position Deed of Trust on the Park. As of June 30, 2021 and 2020, accrued interest was \$-0- for both years. For the years ended June 30, 2021 and 2020, interest expense was \$902,238 and \$923,021, respectively. As of June 30, 2021 and 2020, the effective interest rate was 4.07% and 4.08%, respectively.	\$ 22,619,613	\$ 23,088,263
<u>Wakeland Entrada LP</u>		
<u>City of Riverside</u>		
On February 8, 2018, Wakeland Entrada LP obtained a loan (the “City of Riverside Loan”) held by Housing Authority of the City of Riverside in an amount not to exceed \$4,000,000. The City of Riverside Loan has an interest rate of 3.0% per annum and matures on December 31, 2075. The outstanding principal balance of the grant and accrued but unpaid interest is due and payable on the maturity date. The City of Riverside Loan is secured by a first position Deed of Trust. As of June 30, 2021 and 2020, accrued interest was \$282,091 and \$172,718 , respectively. For the years ended June 30, 2021 and 2020, capitalized interest was \$109,373 and \$172,718, respectively.	\$ 3,758,892	\$ 3,645,789

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

11. Notes payable (continued)

	2021	2020
<u>Via Tijeras LP</u>		
<u>Local Initiatives Support Corporation</u>		
On January 31, 2018, Via Tijeras LP obtained a loan (the “Local Initiatives Support Corporation Loan”) held by Local Initiatives Support Corporation in the amount of \$5,607,000 and accrues interest at a fixed rate of 5.0% per annum. No interest is paid or accrued during construction. Payments of interest are due monthly. The outstanding principal balance of the note and accrued interest were repaid in full on July 5, 2019. The Local Initiatives Support Corporation Loan is secured by a first position Deed of Trust. As of June 30, 2021 and 2020, accrued interest was \$-0- for both years. For the years ended June 30, 2021 and 2020, interest expense was \$-0- and \$50,275, respectively.	\$ -0- \$ -0-	
<u>Wakeland Wilcox LP</u>		
<u>Century Housing Corporation first loan</u>		
On September 23, 2019 Wakeland Wilcox LP entered into a loan agreement with Century Housing Corporation in an amount not to exceed \$6,400,000 (the “CHC First Loan”). Interest accrues at a rate equal to one-month LIBOR plus 4% per annum, with a floor of 6.5%. Interest is paid monthly out of an established interest reserve. The outstanding principal and interest is due and payable on September 26, 2021. The CHC First Loan is secured by a Deed of Trust. For the years ended June 30, 2021 and 2020 capitalized interest was \$390,879 and \$286,156, respectively.	\$ 6,236,878 \$ 5,840,156	
<u>Century Housing Corporation second loan</u>		
On September 28, 2021 Wakeland Wilcox LP entered into a loan agreement with Century Housing Corporation in an amount not to exceed \$1,250,000 (the “CHC Second Loan”). Interest accrues at a rate equal to one-month LIBOR plus 5% per annum, with a floor of 5.75%. Interest is paid monthly out of an established interest reserve. The outstanding principal and interest is due and payable on November 28, 2021. The CHC Second Loan is secured by a Deed of Trust. For the years ended June 30, 2021 and 2020 capitalized interest was \$5,843 and \$-0-, respectively.	\$ 1,219,486 \$ -0-	

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

11. Notes payable (continued)

	2021	2020
<u>Wakeland Quincy LP</u>		
<u>Century Housing Corporation</u>		
On September 23, 2019 Wakeland Wilcox LP entered into two loan agreements with Century Housing Corporation in an amount not to exceed \$1,250,000 and \$4,100,000 (the “CHC Loans”). Interest accrues at a rate equal to one-month LIBOR plus 4% per annum, with a floor of 6% and 5.75%. Interest is paid monthly out of an established interest reserve. The outstanding principal and interest on the CHC Loans is due and payable on September 7, 2022. The CHC Loans are secured by a Deed of Trust. For the years ended June 30, 2021 and 2020 capitalized interest was \$195,757 and \$-0-, respectively.	\$ 4,897,507	\$ -0-
<u>Cuatro at City Heights LP</u>		
<u>Local Initiatives Support Corporation</u>		
On March 8, 2019, Cuatro City Heights LP obtained a loan (the “Local Initiatives Support Corporation Loan”) held by Local Initiatives Support Corporation in an amount not to exceed \$5,000,000 that was later increased to \$5,500,000 on March 9, 2020. The note accrues interest at a fixed rate of 5.00% per annum. Payments of interest are due monthly. The outstanding principal balance of the note and accrued, but unpaid interest and principal is due and payable on March 8, 2023. The Local Initiatives Support Corporation Loan is secured by a first position Deed of Trust. As of June 30, 2021 and 2020, accrued interest was \$-0- for both years. For the years ended June 30, 2021 and 2020, interest capitalized was \$327,409 and \$293,077, respectively.	\$ 5,495,599	\$ 5,224,809
<u>Other consolidated Partnerships</u>		
<u>Notes payable with regular payments</u>		
Permanent loans, bearing interest from 2.94% to 6.03%, generally with principal and interest due monthly, to be repaid in full through 2063. As of June 30, 2021 and 2020, accrued interest was \$404,013 and \$1,017,455, respectively. For the years ended June 30, 2021 and 2020, interest expense was \$2,613,625 and \$3,094,594, respectively.	\$ 72,682,312	\$ 60,245,946

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

11. Notes payable (continued)

	2021	2020
<u>Other consolidated Partnerships (continued)</u>		
<u>Notes payable with annual payments from cash flow</u>		
Permanent loans and construction loans, bearing interest from 0% to 5.00%, generally with principal and interest payable from surplus cash, to be repaid in full through 2078. As of June 30, 2021 and 2020 accrued interest was \$31,854,992 and \$27,524,105, respectively. For the years ended June 30, 2021 and 2020, interest expense was \$3,662,475 and \$3,021,964, respectively.	\$ 137,606,443	\$ 127,907,587
<u>Notes payable with repayments due at maturity</u>		
Permanent loans, bearing interest from 0% to 4.19%, generally with principal and interest due not due until maturity, to be repaid in full through 2077. As of June 30, 2021 and 2020, accrued interest was \$482,493 and \$446,529, respectively. For the years ended June 30, 2021 and 2020, interest expense was \$193,049 and \$290,735, respectively.	<u>\$ 36,391,908</u>	<u>\$ 18,773,646</u>

Notes payable consisted of the following as of June 30, 2021 and 2020:

Notes payable	\$ 296,859,094	\$ 248,527,296
Less: debt issuance costs	(2,734,153)	(2,753,431)
Total notes payable	294,124,941	245,773,865
Less: current portion, net debt issuance cost	(19,655,794)	(22,788,441)
Notes payable, noncurrent	<u>\$ 274,469,147</u>	<u>\$ 222,985,424</u>

Debt issuance costs are being amortized to interest expense over the term of the respective loans. During 2021 and 2020, interest expense from amortization of debt issuance costs was \$221,808 and \$133,708, respectively.

Future minimum principal payment requirements over the next five years and thereafter are as follows:

Year ending June 30,

2022	\$ 19,655,794
2023	39,888,923
2024	1,890,160
2025	2,062,525
2026	5,704,697
Thereafter	<u>227,656,995</u>
Total	<u>\$ 296,859,094</u>

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

12. Change in consolidated net assets without donor restrictions

The change in the Corporation's consolidated net assets without donor restrictions is reconciled as follows:

	Total	Controlling Interest	Non-Controlling Interest
Balance, July 1, 2019	\$ 71,962,714	\$ 7,458,438	\$ 64,504,276
Change in net assets without donor restrictions	(15,407,576)	(2,522,042)	(12,885,534)
Contributions, net of distributions	4,253,701	-	4,253,701
Balance, June 30, 2020	<u>\$ 60,808,839</u>	<u>\$ 4,936,396</u>	<u>\$ 55,872,443</u>
Balance, July 1, 2020	\$ 60,808,839	\$ 4,936,396	\$ 55,872,443
Change in net assets without donor restrictions	(11,437,907)	1,428,441	(12,798,536)
Contributions, net of distributions	16,349,781	-	16,281,969
Balance, June 30, 2021	<u>\$ 65,720,713</u>	<u>\$ 6,364,837</u>	<u>\$ 59,355,876</u>

13. Commitments and contingencies

Wakeland lease

The Corporation leases office space at 1230 Columbia Street through September 30, 2023. Lease expense included in the operating account in the consolidated statements of activities totaled \$238,445 and \$229,274 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments under the lease are as follows:

Year ending June 30,

2022	\$ 247,982
2023	257,901
2024	66,610
Total	<u>\$ 572,493</u>

Ground lease

On March 13, 2019 Wakeland Grove, LP ("Lessee") entered into a lease agreement with the Community Development Commission of the City of Vista (the "Commission") whereby the Lessee leases land from the Commission (the "Ground Lease"). The term of the Ground Lease commenced on March 13, 2019 and continues for 90 years, composed of a 70 year base period, and a 20 year extension period. During the base period, annual rent of \$1 is due and payable on each anniversary of the lease commencement. During the extension period, rent in an amount equal to 1/12 of 10% of yearly Gross Revenues, as defined in the Ground Lease, is due and payable on the first day of each month which occurs during the year.

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

13. Commitments and contingencies (continued)

Ground lease (continued)

In conjunction with entering into the lease agreement, Wakeland Grove, LP sold the land to the city for \$3,693,187, the proceeds of which are to be treated as an upfront lease payment and amortized over the 70 year base period of the lease. As of June 30, 2021 and 2020, prepaid lease obligation was \$3,545,403 and \$3,624,542 respectively. For the years ended June 30, 2021 and 2020, lease expense was \$79,139 and \$68,649, respectively.

Employee benefit plan

The Corporation has established a 401(k) plan covering employees who have completed 90 days of service and have attained age 18. Employees may defer a percentage of their annual compensation, not to exceed the annual amount allowed by law. The Corporation made a safe harbor matching contribution equal to 100% of employee salary deferrals that did not exceed 4% of employee compensation through June 30, 2021. The Corporation contributed \$125,380 and \$115,170 for the years ended June 30, 2021 and 2020, respectively.

Litigation

The Corporation is, from time to time, involved in lawsuits arising in the ordinary course of its business that, in the opinion of management, will not have a material effect on the Corporation's consolidated results of operations.

Guarantees

Wakeland is subject to certain guarantees in connection with its partnership interests in the Consolidated Partnerships. As of June 30, 2021 and 2020, Wakeland has operating deficit guarantees from several of the Consolidated Partnerships that total \$9,497,458 and \$6,571,184, respectively. For the years ended June 30, 2021 and 2020, no advances have been required. In addition, Wakeland has completion and repayment guarantees pursuant to specific agreements.

14. Low-income housing tax credits

The Consolidated Partnerships expect to generate federal low-income housing tax credits ("Tax Credits"). Generally, such credits become available for use by its partners pro-rata over a ten-year period. The year in which the credit period begins is determined on a building-by-building basis within the respected partnerships. In order to qualify for these credits, projects must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. As required by state and federal regulations and by loan covenants, the Consolidated Partnerships have also agreed to maintain and operate projects as low-income housing for an additional 15 years to 40 years beyond the initial 15 year compliance period. Because the Tax Credits are subject to compliance with certain requirements, there can be no assurance that the aggregate amount of Tax Credits will be realized, and failure to meet all such requirements or to correct noncompliance within a specified time period may result in generating a lesser amount of Tax Credits than expected in future years, and/or recapture of Tax Credits previously allocated. A reduction of future credits or recapture would require credit deficit payments to the limited partner under the terms of the partnership agreement.

WAKELAND HOUSING AND DEVELOPMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

15. Subsequent events

Subsequent events have been evaluated through October 21, 2021, which is the date the consolidated financial statements were available to be issued. On July 15, 2021, Wakeland Grove, L.P. repaid the Wells Fargo construction loan with proceeds from equity and a loan from California Community Reinvestment Corporation.

Supplementary Schedules - Consolidating

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
 SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2021

	Wakeland Housing and Development Corporation	Poinsettia Parks, LLC	WOAH	Wakeland Entrada LP	Cuatro at City Heights LP	Wakeland Wilcox LP	Wakeland Quincy LP	Wakeland LLCs	Wakeland Partnerships	Elimination	Consolidated Total
Current Assets:											
Cash and cash equivalents	\$ 1,660,416	\$ 360,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,449	\$ 7,970,222	\$ -	\$ 10,010,279
Current portion of reserves	-	778,315	-	-	-	-	-	-	-	-	778,315
Tenant security deposits	22,203	18,339	-	-	-	-	-	7,891	530,369	-	578,802
Accounts receivable	564,618	441	9,220	-	-	-	-	3,052,109	699,837	(3,550,411)	775,814
Prepaid expenses	106,911	-	-	-	-	-	-	-	45,487	-	152,398
Notes receivable	1,000,000	-	-	-	-	-	-	-	-	(977,729)	22,271
Due from related party	3,722,970	-	-	-	-	-	-	-	-	(2,708,895)	1,014,075
Total Current Assets	<u>7,077,118</u>	<u>1,157,287</u>	<u>9,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,079,449</u>	<u>9,245,915</u>	<u>(7,237,035)</u>	<u>13,331,954</u>
Noncurrent Assets:											
Accrued interest receivable	843,206	-	-	-	-	-	-	-	-	(273,914)	569,292
Investment in securities	4,767,374	285,870	-	-	-	-	-	-	-	-	5,053,244
Investments (deficiencies) in partnerships	6,957,917	-	912,550	-	-	-	-	6,805,359	-	(12,892,823)	1,783,003
Reserves, less current portion	-	1,203,568	-	-	-	-	-	-	10,776,555	-	11,980,123
Due from related party	1,646,850	-	22,271	-	-	-	-	-	-	(1,669,121)	-
Notes receivable, net of allowance, less current portion	6,569,486	-	-	-	-	-	-	-	-	(6,569,486)	-
Prepaid lease obligation	-	-	-	-	-	-	-	-	3,545,403	-	3,545,403
Fixed assets, net	97,989	14,656,157	-	2,655,000	4,984,000	6,400,000	4,100,000	621,337	272,286,425	(15,507,152)	290,293,756
Deferred charges, net	-	-	-	-	-	-	-	-	458,489	-	458,489
Construction in progress	3,921,826	-	-	1,746,735	1,599,127	2,411,360	1,920,965	-	75,027,656	(5,067,127)	81,560,542
Total Noncurrent Assets	<u>24,804,648</u>	<u>16,145,595</u>	<u>934,821</u>	<u>4,401,735</u>	<u>6,583,127</u>	<u>8,811,360</u>	<u>6,020,965</u>	<u>7,426,696</u>	<u>362,094,528</u>	<u>(41,979,623)</u>	<u>395,243,852</u>
TOTAL ASSETS	\$ 31,881,766	\$ 17,302,882	\$ 944,041	\$ 4,401,735	\$ 6,583,127	\$ 8,811,360	\$ 6,020,965	\$ 10,506,145	\$ 371,340,443	\$ (49,216,658)	\$ 408,575,806

See accompanying notes and report of independent auditors

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
 SUPPLEMENTARY CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
 JUNE 30, 2021

	Wakeland Housing and Development Corporation	Poinsettia Parks, LLC	WOAH	Wakeland Entrada LP	Cuatro at City Heights LP	Wakeland Wilcox LP	Wakeland Quincy LP	Wakeland LLCs	Wakeland Partnerships	Elimination	Consolidated Total
Current Liabilities:											
Accounts payable and accrued expenses	\$ 1,030,466	\$ 44,115	\$ -	\$ -	\$ 2,000	\$ -	\$ -	\$ 127,796	\$ 16,998,064	\$ (3,261,916)	\$ 14,940,525
Development fee payable	-	-	-	-	-	-	-	-	3,199,479	(3,099,479)	100,000
Due to related party	-	-	514,630	383,377	1,189,027	1,418,996	1,209,830	641,435	(121,422)	(5,235,873)	-
Accrued interest payable	1,250	-	2,838	282,091	-	-	-	147,868	32,864,706	(273,914)	33,024,839
Tenant security deposits payable	-	15,263	-	-	-	-	-	7,891	531,008	-	554,162
Deferred revenue	-	-	-	-	-	-	-	2,663	107,963	-	110,626
Current portion of notes payable, net of debt issuance costs	1,200,456	487,471	-	-	-	-	-	-	17,967,867	-	19,655,794
Total Current Liabilities	2,232,172	546,849	517,468	665,468	1,191,027	1,418,996	1,209,830	927,653	71,547,665	(11,871,182)	68,385,946
Noncurrent Liabilities:											
Notes Payable, less current portion and net of unamortized debt issuance costs	4,750,000	21,886,089	-	3,723,094	5,392,100	7,392,364	4,789,216	1,311,500	233,258,099	(8,033,315)	274,469,147
Total Liabilities	6,982,172	22,432,938	517,468	4,388,562	6,583,127	8,811,360	5,999,046	2,239,153	304,805,764	(19,904,497)	342,855,093
Net Assets											
Controlling interest	24,899,594	(5,130,056)	426,573	13,173	-	-	21,919	8,266,992	7,178,803	(29,312,161)	6,364,837
Non-controlling interest	-	-	-	-	-	-	-	-	59,355,876	-	59,355,876
Total Net Assets	24,899,594	(5,130,056)	426,573	13,173	-	-	21,919	8,266,992	66,534,679	(29,312,161)	65,720,713
TOTAL LIABILITIES AND NET ASSETS	\$ 31,881,766	\$ 17,302,882	\$ 944,041	\$ 4,401,735	\$ 6,583,127	\$ 8,811,360	\$ 6,020,965	\$ 10,506,145	\$ 371,340,443	\$ (49,216,658)	\$ 408,575,806

See accompanying notes and report of independent auditors

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
 SUPPLEMENTARY CONSOLIDATING STATEMENT OF ACTIVITES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2021

	Wakeland Housing and Development Corporation	Poinsettia Parks, LLC	WOAH	Wakeland Entrada LP	Cuatro at City Heights LP	Wakeland Wilcox LP	Wakeland Quincy LP	Wakeland LLCs	Wakeland Partnerships	Elimination	Consolidated Total	
Revenues and Support:												
Asset management fees	\$ 892,089	\$ -	\$ 5,015	\$ -	\$ -	\$ -	\$ -	\$ 589,847	\$ -	\$ (912,109)	\$ 574,842	
Forgiveness of debt	431,100	-	-	-	-	-	-	-	-	-	431,100	
Contributions	164,870	-	-	-	-	-	-	2,713,518	-	-	2,878,388	
Rental income	-	3,104,702	-	-	-	-	21,800	73,597	15,223,196	-	18,423,295	
Developer fees	3,686,270	-	-	-	-	-	-	-	-	(3,686,270)	-	
Resident services	664,185	-	-	-	-	-	-	-	-	(441,284)	222,901	
Interest income	876,867	7,301	-	-	-	-	119	-	8,317	(433,903)	458,701	
Other income	790,200	8	-	-	-	-	-	142,881	232,786	(836,848)	329,027	
Share of (loss) income from partnerships	2,536,352	-	(2,001)	-	-	-	-	178,584	-	(2,713,087)	(152)	
Unrealized gain (loss) on securities	48,761	(5,233)	-	-	-	-	-	-	-	-	43,528	
(Loss) Gain on disposal of assets	(6,610)	-	-	73,620	-	-	-	-	103,169	-	170,179	
Total Revenues and Support	10,084,084	3,106,778	3,014	73,620	-	-	21,919	3,698,427	15,567,468	(9,023,501)	23,531,809	
Expenses:												
Program Services:												
Rental operations												
Operating	-	1,311,593	-	-	-	-	-	1,389	10,726,375	33,498	12,072,855	
Depreciation	-	294,211	-	-	-	-	-	48,013	10,795,698	(692,288)	10,445,634	
Amortization	-	-	-	-	-	-	-	-	119,895	-	119,895	
Interest	45,000	910,125	-	-	-	-	-	11,909	6,713,989	(42,828)	7,638,195	
Development												
Development expenses	2,608,510	-	-	-	-	-	-	148,101	-	-	2,756,611	
Bad debt expense	950,034	-	-	-	-	-	-	-	203,067	(950,034)	203,067	
Resident services	1,425,146	-	-	-	-	-	-	-	-	(474,775)	950,371	
Asset management	942,472	-	-	-	-	-	-	167,216	-	(925,472)	184,216	
Total program services	5,971,162	2,515,929	-	-	-	-	-	-	376,628	28,559,024	(3,051,899)	34,370,844
Supporting Services												
Management and general:												
Operational expenses	437,420	-	764,780	-	-	-	-	-	-	(755,680)	446,520	
Donations	62,855	-	-	-	-	-	-	-	-	-	62,855	
Depreciation	28,923	-	-	-	-	-	-	-	-	-	28,923	
Interest	-	-	170	-	-	-	-	-	-	(170)	-	
Total management and general	529,198	-	764,950	-	-	-	-	-	-	(755,850)	538,298	
Fundraising	60,574	-	-	-	-	-	-	-	-	-	60,574	
Total supporting services	589,772	-	764,950	-	-	-	-	-	-	(755,850)	598,872	
Total Expenses	6,560,934	2,515,929	764,950	-	-	-	-	-	376,628	28,559,024	(3,807,749)	34,969,716
Change In Net Assets	3,523,150	590,849	(761,936)	73,620	-	-	21,919	3,321,799	(12,991,556)	(5,215,752)	(11,437,907)	
Net Assets at Beginning of Year	18,543,281	(5,653,094)	271,915	(60,447)	-	-	-	2,152,800	60,319,629	(14,765,245)	60,808,839	
Correction to Net Assets (see page 36)	2,833,163	-	916,594	-	-	-	-	2,833,163	-	(6,582,920)	-	
Contributions (distributions), net	-	(67,811)	-	-	-	-	-	(40,770)	19,206,606	(2,748,244)	16,349,781	
NET ASSETS AT END OF YEAR	\$ 24,899,594	\$ (5,130,056)	\$ 426,573	\$ 13,173	\$ -	\$ -	\$ 21,919	\$ 8,266,992	\$ 66,534,679	\$ (29,312,161)	\$ 65,720,713	

See accompanying notes and report of independent auditors

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
SUPPLEMENTARY STATEMENT OF CORRECTION TO NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

Corrections were made in the June 30, 2020 consolidated financial statements dated September 12, 2020. The impact of the corrections were not reflected in the consolidating schedules in the June 30, 2020 supplemental schedules. The entries below were made to the supplemental schedules to reflect the adjustments made in 2020 to the consolidated balances.

Wakeland Housing and Development Corporation:

Wakeland Beacon LLC 2016 flowthrough income	\$ 1,916,569
Wakeland Grove, LLC 2019 flowthrough income (50% allocation)	<u>916,594</u>
Total correction to net assets	<u><u>\$ 2,833,163</u></u>

WOAH:

Wakeland Grove Limited Partnership 2019 donation income (50% allocation)	<u><u>\$ 916,594</u></u>
--	--------------------------

Wakeland LLCs:

Wakeland Beacon Apartments Limited Partnership 2016 donation income	\$ 1,916,569
Wakeland Grove Limited Partnership 2019 donation income (50% allocation)	<u>916,594</u>
Total correction to net assets	<u><u>\$ 2,833,163</u></u>

These entries are eliminated in consolidation and do not impact the consolidated financial statements.

Supplementary Schedules - Nonconsolidated

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
SUPPLEMENTARY STATEMENT OF CASH FLOWS - WAKELAND
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,523,150	\$ (1,370,170)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	28,923	23,802
Forgiveness of debt	(431,100)	-
Gain on disposal of assets	(6,610)	(3)
Share of loss (gain) from partnership	(2,536,352)	(597,648)
Unrealized gain on securities	(43,528)	(46,814)
Bad debt expense	950,034	945,644
Change in accounts receivable	167,804	18,638
Change in prepaid expenses	(55,156)	9,860
Change in accrued interest receivable	(246,466)	(209,317)
Change in accounts payable and accrued expenses	(281,437)	616,424
Change in accrued interest payable	1,250	(6,250)
Change in due from related party	3,263,316	632,591
Net cash provided by operating activities	<u>4,333,828</u>	<u>16,757</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investment securities	625,685	1,853,284
Contributions made to investments in limited partnerships	(2,533,377)	(49,123)
Distributions received - investments in limited partnerships	759,999	261,616
Cash paid for notes receivable	(2,023,869)	(520,363)
Cash paid for construction in progress	(3,534,110)	(2,232,533)
Net cash used in investing activities	<u>(6,705,672)</u>	<u>(687,119)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	<u>2,149,356</u>	<u>1,231,100</u>
Net change in cash, cash equivalents and restricted cash	(222,488)	560,738
Cash, cash equivalents and restricted cash at beginning of year	<u>1,905,107</u>	<u>1,344,369</u>
Cash, cash equivalents and restricted cash at end of year	<u>\$ 1,682,619</u>	<u>\$ 1,905,107</u>
Cash and cash equivalents	\$ 1,660,416	\$ 1,882,904
Restricted Cash	22,203	22,203
Total cash, cash equivalents and restricted cash	<u>\$ 1,682,619</u>	<u>\$ 1,905,107</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest - expensed	<u>\$ 43,750</u>	<u>\$ 51,250</u>

See accompanying notes and report of independent auditors

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
SUPPLEMENTARY SCHEDULE OF DUE FROM RELATED PARTY - WAKELAND
FOR THE YEAR ENDED JUNE 30, 2021

Current

Amani Apartments LP	\$ 51,217
Chesterfield Apartments LP	34,340
Levant Senior Cottages LP	595,743
Wakeland Anita, L.P.	5,513
Wakeland Entrada, L.P.	383,377
Wakeland Grove, L.P.	365
Mission Heritage, L.P.	6,040
Mt. Alifan Apartments LP	8,103
Wakeland Quincy LP	1,209,830
Wakeland Trinity Place, L.P.	9,447
Wakeland Wilcox LP	1,418,995
Total current	3,722,970

Noncurrent

Cuatro at City Heights LLC	7,220
Cuatro at City Heights LP	1,189,026
Del Sol Apartments, L.P.	30,258
Parkside Terrace, L.P.	48,849
Wakeland Amani LLC	7,220
Wakeland Anita, LLC	10,170
Wakeland Atmosphere II, LLC	24,259
Wakeland Atmosphere, LLC	28,073
Wakeland Beacon, LLC	12,934
Wakeland Camp Anza, LLC	2,370
Wakeland Casa Panorama, LLC	2,335
Wakeland Chesterfield LLC	7,220
Wakeland City Heights Ten, LLC	10,136
Wakeland Country Club, LLC	2,745
Wakeland Del Sol, LLC	1,175
Wakeland Entrada, LLC	9,651
Wakeland Forester Square, LLC	12,950
Wakeland Grove LA, LLC	1,438
Wakeland Grove, LLC	12,885
Wakeland Juniper Gardens, LLC	2,381
Wakeland La Mesa, LLC	3,649
Wakeland Landis, LLC	10,485
Wakeland Levant LLC	7,240
Wakeland Los Vecinos, LLC	5,915
Wakeland Miramar, LLC	4,101
Wakeland Mission Heritage, LLC	10,576
Wakeland Mobley, LLC	13,785
Wakeland Mt. Alifan LLC	7,568
Wakeland Parkside, LLC	50,899
Wakeland Poinsettia, LLC	12,371
Wakeland Quincy LLC	5,113
Wakeland Reverend Glenn Allison, LLC	1,820
Wakeland Trinity Place, LLC	8,688
Wakeland Village Green Apartments, LLC	16,868
Wakeland Vista Grande Apartments, L.P.	26,234
Wakeland Vista Grande Apartments, LLC	16,826
Wakeland Vista Las Flores, LLC	7,399
Wakeland Warm Springs Affordable, LLC	8,960
Wakeland Wilcox LLC	5,058
Total noncurrent	1,646,850
TOTAL	\$ 5,369,820

See accompanying notes and report of independent auditors

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
SUPPLEMENTARY SCHEDULE OF NOTES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2021

	Developer Fee Receivable	Notes Receivable	Allowance	Total
Wakeland Opportunities for Affordable Housing	\$ -	\$ 514,630	\$ -	\$ 514,630
Wakeland LLCs				
Wakeland Atmosphere, LLC	- -	200,000	(200,000)	-
Wakeland Atmosphere II, LLC	- -	900,000	(900,000)	-
Wakeland City Height Ten LLC	- -	211,500	-	211,500
Wakeland Partnerships				
Amani Apartments LP	- -	530,000	-	530,000
Camp Anza, L.P.	- -	453,150	(453,150)	-
Forester Square, L.P.	236,846	- -	-	236,846
Lillian Place, L.P.	- -	397,125	(397,125)	-
Lofts on Landis, LP	717,369	- -	-	717,369
Mt. Alifan Apartments LP	- -	520,000	-	520,000
Reverend Glenn Allison LP	- -	570,000	(570,000)	-
Talmadge Gateway, L.P.	- -	350,000	(350,000)	-
Wakeland Atmosphere, L.P.	- -	3,127,165	(1,963,288)	1,163,877
Wakeland Atmosphere II, L.P.	559,290	- -	-	559,290
Wakeland Beacon Apartments, L.P.	250,000	- -	-	250,000
Wakeland Grove, LP	900,000	800,000	-	1,700,000
Wakeland Trinity Place LP	- -	730,000	-	730,000
Wakeland Village Green Apartments, L.P.	37,734	77,003	(77,003)	37,734
Wakeland Vista Grande Apartments, LP	398,240	- -	-	398,240
Wakeland Vista Las Flores LLC	- -	1,093,656	(1,093,656)	-
TOTAL NOTES RECEIVABLE	\$ 3,099,479	\$ 10,474,229	\$ (6,004,222)	\$ 7,569,486

See accompanying notes and report of independent auditors

WAKELAND HOUSING AND DEVELOPMENT CORPORATION
SUPPLEMENTARY SCHEDULE OF REVENUE - WAKELAND
FOR THE YEAR ENDED JUNE 30, 2021

	Asset Management Fees	Development Fees	Resident Services Fees
Amani Apartments LP	\$ -	\$ 750,000	\$ -
Beyer Blvd Apartments, L.P.	134,498	-	36,844
BRE MG Creekside Village LP	-	-	9,940
Canyon Rim, L.P.	91,375	-	39,874
Chesterfield Apartments LP	-	800,000	-
City Heights Ten, L.P.	30,299	-	-
Country Club Apartments LP	-	-	73,009
Del Sol Apartments LP	-	-	22,640
Fairfield Belmont L.P.	33,058	-	-
Fairfield Bristol, L.P.	10,715	-	-
Fairfield Creekview L.P.	51,422	-	-
Fairfield Trestles L.P.	13,827	-	-
Fairfield Turnleaf L.P.	27,472	-	-
Fairfield Wyndover, L.P.	27,331	-	19,964
FF Hills LP	43,610	-	-
Forester Square, L.P.	-	-	29,960
Juniper Gardens, L.P.	-	-	29,960
Lillian Place, L.P.	10,917	-	-
La Mesa Springs Preservation LP	-	-	60,124
Lofts on Landis, L.P.	-	-	20,563
Los Vecinos, L.P.	-	-	19,964
Mission Heritage LP	-	356,270	-
Mobley Lane Partners, L.P.	-	-	5,720
Parkside Terrace, L.P.	-	-	36,850
Poinsettia Parks, LLC	67,812	-	-
Poinsettia Parks, LLC	40,850	-	33,677
Talmadge Gateway, L.P.	27,728	-	7,984
The Stratton LP	56,090	-	24,684
Trinity Escondido 1, L.P.	41,883	-	36,012
Wakeland Anita LP	-	880,000	-
Wakeland Atmosphere II, L.P.	11,281	-	22,182
Wakeland Atmosphere, L.P.	81,139	-	19,830
Wakeland Beacon Apartments, L.P.	-	-	4,167
Wakeland Grove, L.P.	-	900,000	18,750
Wakeland Village Green Apartments, L.P.	-	-	44,940
Wakeland Vista Grande Apartments, L.P.	-	-	19,964
Walden Glen LP	25,883	-	14,715
Westchester Park, L.P.	27,502	-	11,868
Westgate Courtyards, L.P.	37,397	-	-
TOTAL	\$ 892,089	\$ 3,686,270	\$ 664,185

See accompanying notes and report of independent auditors



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

9/27/2021

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

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

PRODUCER Cavignac 451 A Street, Suite 1800 San Diego CA 92101	CONTACT NAME: Certificate Department	
	PHONE (A/C, No, Ext): 619-234-6848	FAX (A/C, No): 619-234-8601
	E-MAIL ADDRESS: certificates@cavignac.com	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A: Philadelphia Indemnity Ins. Co	18058
	INSURER B: Oak River Insurance Company	34630
INSURER C: Scottsdale Insurance Company	41297	
INSURER D: QBE Specialty Ins. Co.	11515	
INSURER E:		
INSURER F:		

COVERAGES

CERTIFICATE NUMBER: 1982376761

REVISION NUMBER:

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS		
A	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR			PHPK2295800	6/30/2021	6/30/2022	EACH OCCURRENCE	\$ 1,000,000	
							DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000	
							MED EXP (Any one person)	\$ 5,000	
							PERSONAL & ADV INJURY	\$ 1,000,000	
							GENERAL AGGREGATE	\$ 2,000,000	
							PRODUCTS - COMP/OP AGG	\$ 2,000,000	
								\$	
	GEN'L AGGREGATE LIMIT APPLIES PER: POLICY <input type="checkbox"/> PRO- JECT <input checked="" type="checkbox"/> LOC								
	OTHER:								
A	AUTOMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY <input checked="" type="checkbox"/> SCHEDULED AUTOS HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			PHPK2295800	6/30/2021	6/30/2022	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000	
							BODILY INJURY (Per person)	\$	
							BODILY INJURY (Per accident)	\$	
							PROPERTY DAMAGE (Per accident)	\$	
								\$	
A	X UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE			PHUB775500	6/30/2021	6/30/2022	EACH OCCURRENCE	\$ 2,000,000	
							AGGREGATE	\$ 2,000,000	
								\$	
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N	N / A	WAWC216183	9/27/2021	9/27/2022	X PER STATUTE	OTHE-	
							E.L. EACH ACCIDENT	\$ 1,000,000	
							E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000	
							E.L. DISEASE - POLICY LIMIT	\$ 1,000,000	
C	Umbrella Liability (2nd Layer) Umbrella Liability (3rd layer)			XLS0119779 MQSX0000752800	6/30/2021 6/30/2021	6/30/2022 6/30/2022	Ea. Occ./Aggregate Ea. Occ./Aggregate	3,000,000 5,000,000	

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

Excess/Umbrella policy follows form over underlying policies: General Liability & Employers Liability (additional insured and waiver of subrogation apply when afforded on underlying policies). Premises operations is covered under policy number PHPK2150799.

CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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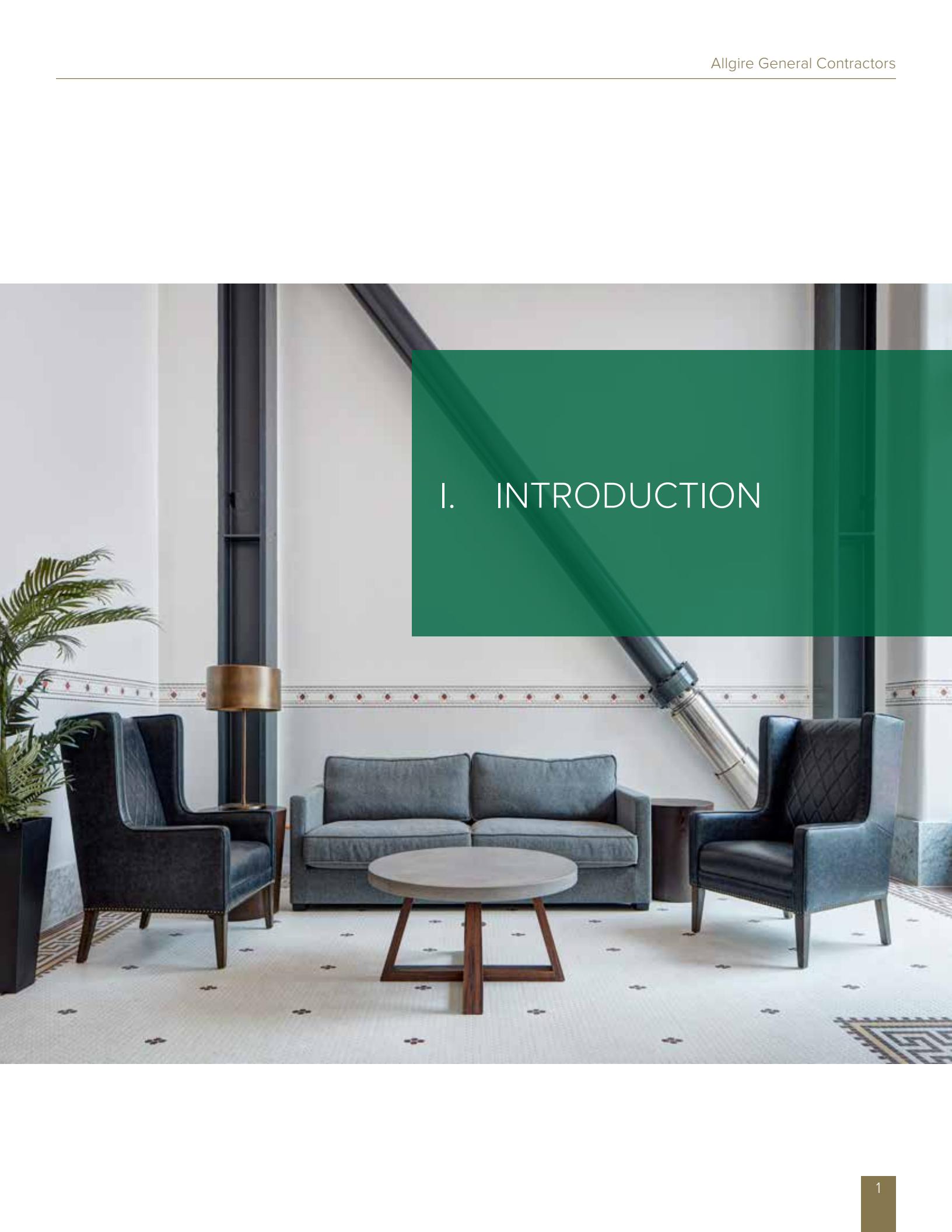
INTRODUCTION BRIEF



Allgire General Contractors | 3278 Grey Hawk Court | Carlsbad | CA | 92010
Senior Vice President - Patrick Early | 760.421.8216 | pearly@allgire.com

TABLE OF CONTENTS

- I. INTRODUCTION
- II. PROJECT EXPERIENCE
- III. AGC TEAM
- IV. INSURANCE, BOND & SAFETY
- V. REFERENCES



I. INTRODUCTION

AGC STORY

With over 32 years of leading industry experience, Allgire General Contractors is dedicated to being the best multi-family contractor. AGC has established excellence in both new construction and renovation of existing projects, while committing to provide quality in everything we build at fair and competitive prices. Our team continually seeks to improve our practices by providing innovative solutions to meet our clients' ever-changing needs.

AGC, led by second generation contractor, Grant Allgire, has built a reputation for quality construction and customer satisfaction since 1988. Specializing in multi-family, mixed-use, renovation, and commercial projects, AGC's breadth of capabilities ensures that we are able to meet each of our client's unique needs every time; whether it is a 20-unit mixed-use project or a 300-unit multi-family project. Based in San Diego, our dedicated and committed team, who have spent their careers helping to establish AGC's reputation, are the greatest asset that AGC has acquired over the years. Our team consists of industry professionals with decades of experience and AGC has always emphasized the value that a team member can bring to the organization. AGC strives to empower its team to achieve greatness.

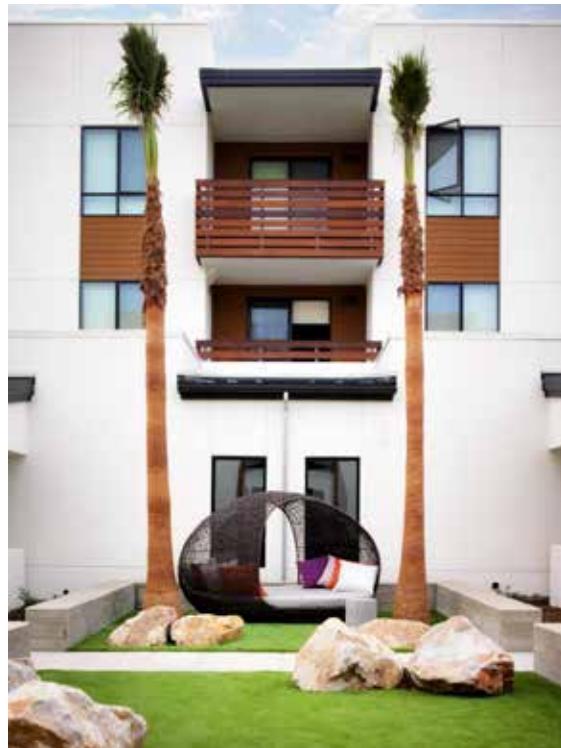
The center of our process is Quality. We make sure that your expectations are the baseline for what we deliver, and what you get in that delivery is an exceptional product. From concept to management to the paint on the walls, AGC exceeds expectations.



What We Do

AGC is “Building Your Future” one project at a time. We know what it takes to succeed from concept to completion and we translate that experience into results. Whether you need conceptual budgeting, design assist, pre-construction services, or a builder who can deliver, AGC is your solution.

We are more than a general contractor, we are a solution to your needs, and a partner to your business



How We Do It

The center of our process is Quality. Whether it is your Project Manager, or Superintendent, a specialty subcontractor, or the building itself, Quality is our focus.

We provide General Contracting services focused on the quality you deserve. The success we consistently achieve is a product of our vast experience.

What You Need

While we know that a reliable contractor is a prerequisite, we also recognize that the needs of our clients go much further than hammers and nails. We provide the services that you need for your project.

Whether it is a concept that you need help analyzing or a project you want built, AGC fulfills those requirements

What We Have

- Hundreds of years of combined experience
- Financial stability and security
- Strong bonding capacity
- A Safety Program that has consistently proven effective
- QSP Certified Professionals
- Value engineering based on expertise, not trial and error
- Budgeting for any project, any time
- An Estimating Department that utilizes the latest in digital On Screen Takeoff technology
- A pre-qualified subcontractor base that consistently provides competitive pricing
- A licensed construction lawyer on staff
- Registered AIA Architects on staff
- An AIA Architect who oversees BIM implementation
- Full 3D imaging capabilities
- Direct access to experienced, on-staff, construction consultants
- Proven Live Environment renovation experience
- Quality Control that is setting a standard in our industry



PROJECT INTEGRATION

Preconstruction Services:

- Constructability Review
- Value Engineering support
- Budgets/ Estimates:
 - Design Development Budget and Conceptual Budgets as needed
 - Construction Documents, current market pricing leading up to and including contract negotiations

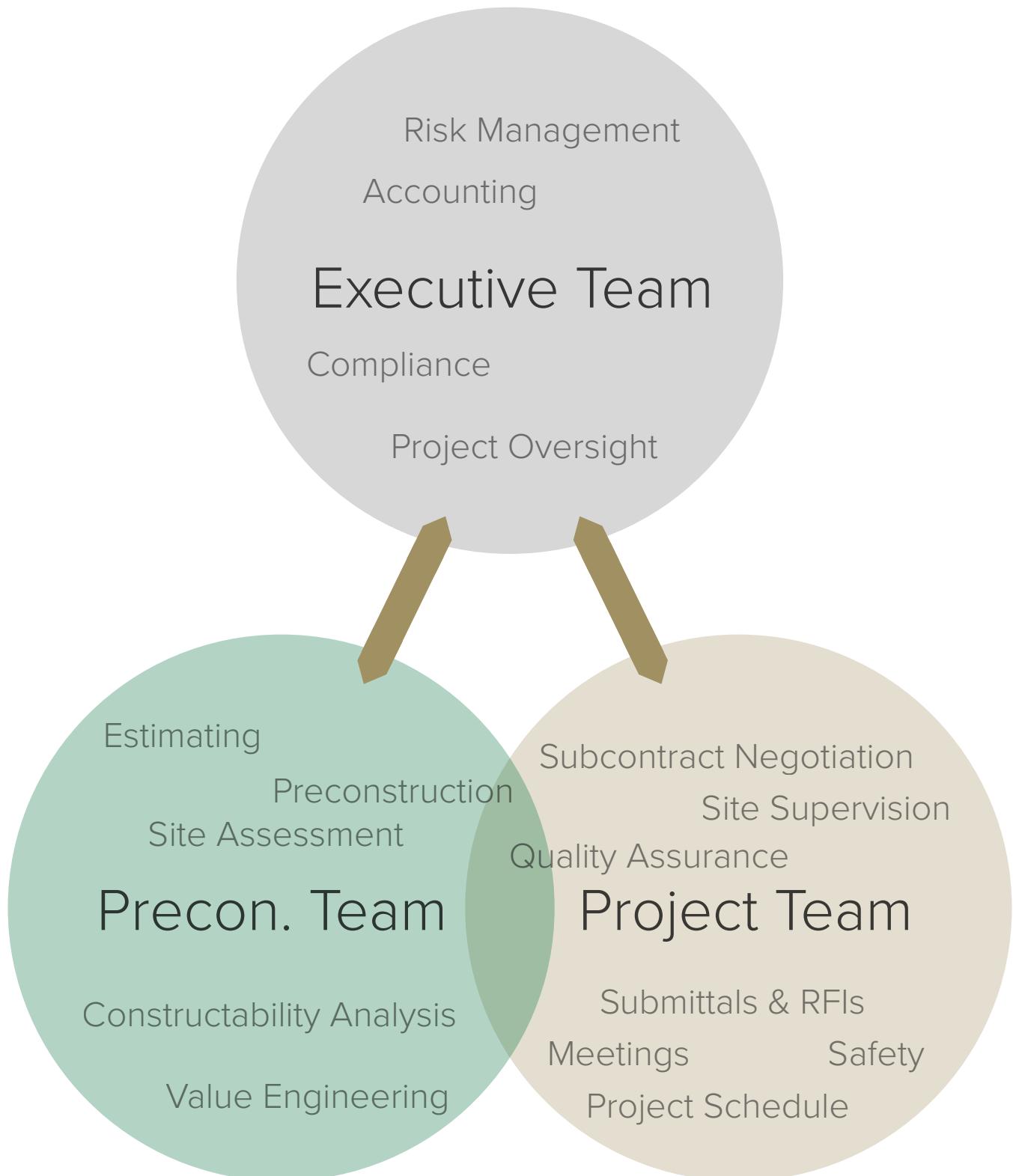
PRECONSTRUCTION

- INTEGRATION
- Project Manager assists in estimating the job
 - Estimator coordinates purchasing with the Project Manager / Superintendent

CONSTRUCTION

Construction Services:

- Project Management and Coordination
- Project / Corporate Safety
- Purchasing
- Cost Tracking / Forecasting
- ASI, RFI, COR and submittal processing
- Document Control
- Sub-Contractor Management
- Quality Control / Assurance
- Productivity Assurance
- System Startup
- System Turnover Management / Controls



PROCORE

Procore, which AGC implemented in 2015, is an integral part of our day-to-day operations. The cloud based platform keeps the office and field processes synchronized, coordinated and accessible at all times to all parties involved.

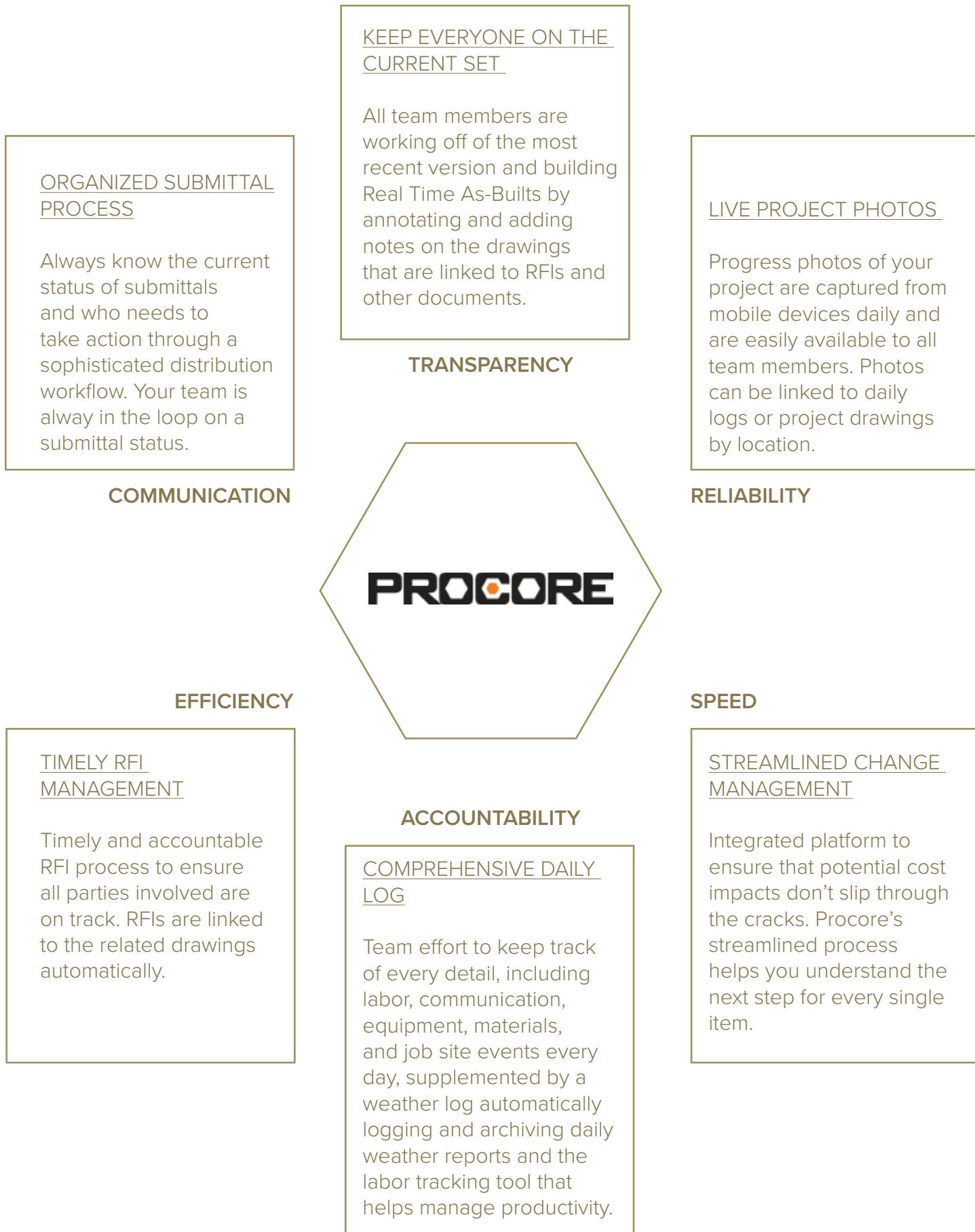
PROCORE

A mobile and collaborative all-in-one platform built to streamline construction project management

VIEW AND UPLOAD DOCUMENTS FROM THE FIELD

On the road or at the job site, Procore's mobile app gives users constant access to project drawings, RFIs, submittals, directories and shared documents.





Allgire Gives Back to Community



AGC has been building affordable housing for more than 30 years, becoming one of the top contractors and a strong, positive force in the community. With the retirement of founders Rick and Mary Ann Allgire, the company's passionate employees are honoring them and continuing their legacy through the Allgire Foundation, an organization the employees created to give back to the community where they live, build and play. Through their decades of building affordable housing, AGC has observed that residents moving into affordable housing often lack some of the basics needed for a new home: plates, silverware, pots & pans, cleaning supplies, basic hygiene supplies, and so many other needs. The Allgire Foundation is helping fill that void by providing community care packages to residents of these communities. The Foundation will also focus on providing scholarships to people living and working in affordable housing to help create new opportunities for the future.



The Allgire Foundation is dedicated to empowering people who are impacted by the lack of affordable housing and changing their lives through advocacy, education and support programs that provide tangible help

Supporting our community in this time of need

As we are facing unprecedented challenges because of the Coronavirus that are changing daily, the Allgire Foundation has shifted some of its efforts to contribute and help residents of affordable communities that may be in need during this pandemic. This is especially true for seniors who cannot venture out of their homes to stores. As of right now, we are focused on providing needed food supplies and will shift our focus to other essentials as we find these limited items.

Please know that we are taking extra safety precautions putting packages together and during deliveries.





II. PROJECT EXPERIENCE

AGC'S PROJECT EXPERIENCE

Year	Units	Project Name	Value	Status	Location	TCAC	Green/LEED	Wage Type	Project Type	New/Rehab	Developer/Architect
2021	3	Leo Ground Floor	\$ 439,540	4/21/2021	San Diego, CA				Multi-Family	New	15th & G, LLC/Stephen Dalton Architects
2021	53	Ivy Senior	\$ 15,432,932	10/31/2021	San Diego, CA	x		PW/Section 3	Senior	New	Wakeland Housing & Development Corp/BNIM
2021	74	Trinity Place	\$ 19,758,777	8/30/2021	San Diego, CA	x		PW/Section 3	Multi-Family	New	Wakeland Housing & Development Corp/Studio E
2020	28	Leo Apartments	\$ 8,933,857	Completed	San Diego, CA				Multi-Family	New	15th & G, LLC/Stephen Dalton Architects
2020	47	West Park	\$ 4,826,803	Completed	San Diego, CA	x		PW/Section 3	Senior	Rehab (Live Environment)	Housing Development Partners/Basis Architecture
2019	10	Living Rooms at Border	\$ 7,493,646	Completed	San Ysidro, CA		x		Multi-Family	New/Rehab (Historic Church)	Casa Familiar/Studio E
2019	225	Montera	\$ 2,510,526	Completed	San Diego, CA				Asst. Living	Rehab (Common Areas)	MBK Senior Living/NOAA Architects
2019	44	Beacon Apartments	\$ 10,475,800	Completed	San Diego, CA	x	x	PW/Section 3	Multi-Family	New	Wakeland Housing & Development Corp/M.W. Steele Group
2018	80	New Palace Hotel	\$ 7,106,690	Completed	San Diego, CA	x		PW/Section 3	Senior	Rehab (Live Environment)	Housing Development Partners/Studio E
2018	91	Nook East Village	\$ 8,546,475	Completed	San Diego, CA			Section 3	Multi-Family	New	Trestle Development/Joseph Wong Design Architects
2018	124	Solana Mar Renovation	\$ 19,127,578	Completed	Solana Beach, CA				Multi-Family	Rehab	Solana Mar, LLC/Howard Anderson Architecture
2018	148	Bella Villaggio	\$ 23,745,423	Completed	Palm Desert, CA				Asst. Living	New	WESTLiving/CB Two Architects
2017	80	Del Oro on Broadway	\$ 19,032,766	Completed	Chula Vista, CA				Multi-Family	New	Broadway, LLC/Studio E
2017	33	Solutions Escondido	\$ 7,019,278	Completed	Escondido, CA	x	x	PW/Section 3	Multi-Family	New	Solutions Escondido Boulevard 33, LP/Foundation for Form
2017	60	Talmadge Gateway	\$ 11,133,085	Completed	San Diego, CA	x	x	PW/Section 3	Senior	New	Wakeland Housing & Development Corp/Studio E
2016	73	Hotel Churchill	\$ 15,779,386	Completed	San Diego, CA		x	PW/Section 3	Multi-Family	Rehab	Housing Development Partners/Studio E
2016	66	Promenade at Creekside	\$ 17,819,428	Completed	San Marcos, CA	x	x	Section 3	Multi-Family	New	Promenade Housing Partners LP/Rodriguez Associates Architecture
2015	156	San Diego Square	\$ 12,087,354	Completed	San Diego, CA	x		Section 3	Multi-Family	Rehab (Live Environment)	Housing Development Partners/Basis Architecture
2015	229	Grande North	\$ 6,266,404	Completed	San Diego, CA				Multi-Family	Rehab (Live Environment)	Grande North Homeowners' Association/Burgess Engineering
2014	76	Navy Village	\$ 15,762,930	Completed	San Pedro, CA	x	x	PW/Section 3	Multi-Family	Rehab	Volunteers of America/Bryant Palmer Soto
2014	80	Citronica Two	\$ 11,622,798	Completed	Lemon Grove, CA	x	x		Senior	New	Hitzke Development/Foundation for Form
2013	22	You Are Here	\$ 2,969,205	Completed	San Diego, CA				Multi-Family	New	You Are Here, LLC/Foundation for Form
2013	54	Knox Glen	\$ 2,285,017	Completed	San Diego, CA	x		Section 3	Multi-Family	Rehab (Live Environment)	Housing Development Partners/Basis Architecture
2012	16	Mason Building	\$ 2,595,196	Completed	San Diego, CA	x		PW/Section 3	Multi-Family	Rehab	Housing Development Partners/Richard Bundy & David Thompson
2012	56	Citronica One	\$ 8,967,671	Completed	Lemon Grove, CA	x	x		Multi-Family	New	Hitzke Development/Foundation for Form
2012	49	Chambers Senior	\$ 7,822,548	Completed	El Cajon, CA	x	x	Section 3	Senior	New	Affirmed Housing Group/Studio E
2011	52	Orange Gardens	\$ 5,259,048	Completed	Poway, CA	x	x	PW/Section 3	Multi-Family	Rehab/New	Affirmed Housing Group/Rodriguez Associates
2011	50	Riverwalk	\$ 7,169,764	Completed	Nestor, CA	x	x		Multi-Family	New	Affirmed Housing Group/Studio E
2010	60	Juniper Sr. Village	\$ 7,665,563	Completed	Escondido, CA	x		PW/Section 3	Senior	New	National Core/Davis Group
2010	60	Hacienda Hills	\$ 2,595,364	Completed	Palm Desert, CA	x			Multi-Family	New	Hitzke Development/Foundation for Form
2010	103	Autumn Terrace	\$ 14,072,222	Completed	San Marcos, CA	x	x	PW/Section 3	Multi-Family	New	Hitzke Development/Foundation for Form
2009	168	Palomar	\$ 4,780,317	Completed	Chula Vista, CA	x		Section 3	Senior	Rehab (Live Environment)	Volunteers of America/Davis Group
2009	275	Studio 15	\$ 24,245,179	Completed	San Diego, CA	x	x	PW/Section 3	Multi-Family	New	Affirmed Housing Group/Carrier Johnson
2009	36	Citron Court	\$ 6,536,075	Completed	Lemon Grove, CA	x		PW/Section 3	Multi-Family	New	Hitzke Development/Foundation for Form
2008	80	La Mision Village	\$ 19,912,954	Completed	Oceanside, CA	x		PW/Section 3	Multi-Family	New	National Core/Davis Group
2008	36	Cape Cod	\$ 588,512	Completed	Oceanside, CA				Senior	Rehab (Live Environment)	National Core/N/A
2007	56	Cassia Heights	\$ 9,783,528	Completed	Carlsbad, CA	x		PW/Section 3	Multi-Family	New	Affirmed Housing Group/Davis Group
2006	50	Creekside Trails	\$ 7,310,270	Completed	San Diego, CA	x			Multi-Family	New	Affirmed Housing Group/Studio E
2005	64	Monte Vista	\$ 6,376,498	Completed	Murrieta, CA	x			Multi-Family	New	Affirmed Housing Group/Davis Group
2005	180	La Costa Greens	\$ 17,863,785	Completed	Carlsbad, CA	x			Multi-Family	New	Community Housing Works/Mercy Housing/Rodriguez & Simon
2004	80	Fallbrook View	\$ 10,610,312	Completed	Fallbrook, CA	x			Multi-Family	New	Community Housing Works/Mercy Housing/Rodriguez & Simon
2003	106	Tesoro Grove	\$ 9,239,299	Completed	Nestor, CA	x			Multi-Family	New	Affirmed Housing Group/Studio E
2003	184	Crescent Heights	\$ 14,784,963	Completed	Murrieta, CA				Multi-Family	New	The MJW Property Group/John Watson
2001	48	Ventaliso	\$ 4,252,254	Completed	San Marcos, CA	x			Multi-Family	New	Affirmed Housing Group/Davis Group
2000	92	Poinsettia Station	\$ 6,121,300	Completed	Carlsbad, CA	x			Multi-Family	New	Bridge Housing Corporation/Studio E
2000	76	Mission Village	\$ 3,681,204	Completed	Temecula, CA	x			Multi-Family	New/Rehab	Affirmed Housing Group/Davis Group
1998	80	Mariposa	\$ 1,841,000	Completed	San Marcos, CA	x			Multi-Family	Rehab	Affirmed Housing Group/Davis Group
1996	190	Terraces	\$ 8,408,000	Completed	Escondido, CA	x			Multi-Family	New	Affirmed Housing Group/Davis Group
1994	36	Las Brisas	\$ 1,100,000	Completed	Solana Beach, CA				Multi-Family	Rehab (Live Environment)	La Brisas Homeowners' Association/N/A
TOTAL		TOTAL	\$ 463,758,524								

Trinity Place

San Diego, CA

- TYPE OF PROJECT -

New Construction
Affordable Housing
Senior Housing



Client: Wakeland Housing and Development

Architect: Studio E Architects

Overview:

This 4-story affordable housing project consists of 74 studio apartments that will provide permanent housing for homeless senior individuals in San Diego. Trinity Place will offer residents on and off-site supportive services that address their needs and help them lead more stable and independent lives. This project has 4 stories of wood-framing over a podium deck with a solar photo-voltaic system and indoor and outdoor residential amenities, including exterior deck, dog park, and fitness room.



Ivy Senior Apartments

San Diego, CA

CURRENTLY UNDER CONSTRUCTION

- TYPE OF PROJECT -
- New Construction
- Affordable Housing
- Senior Housing



Client: Wakeland Housing & Development

Architect: BNIM

Overview:

This 3-story affordable housing project consists of 53 studio apartments that will provide permanent housing for the senior community in San Diego. Ivy Senior Living will offer residents on-site supportive services that address their needs and help them lead more stable and comfortable lives. This project has 3 stories of wood-framing with solar panels & thermal solar system, lobby with parcel lockers and computer stations, community room with a full kitchen and a landscaped courtyard. This project is on schedule to complete in Fall of 2021.



The Beacon

San Diego, CA

- TYPE OF PROJECT -
New Construction
Affordable Housing

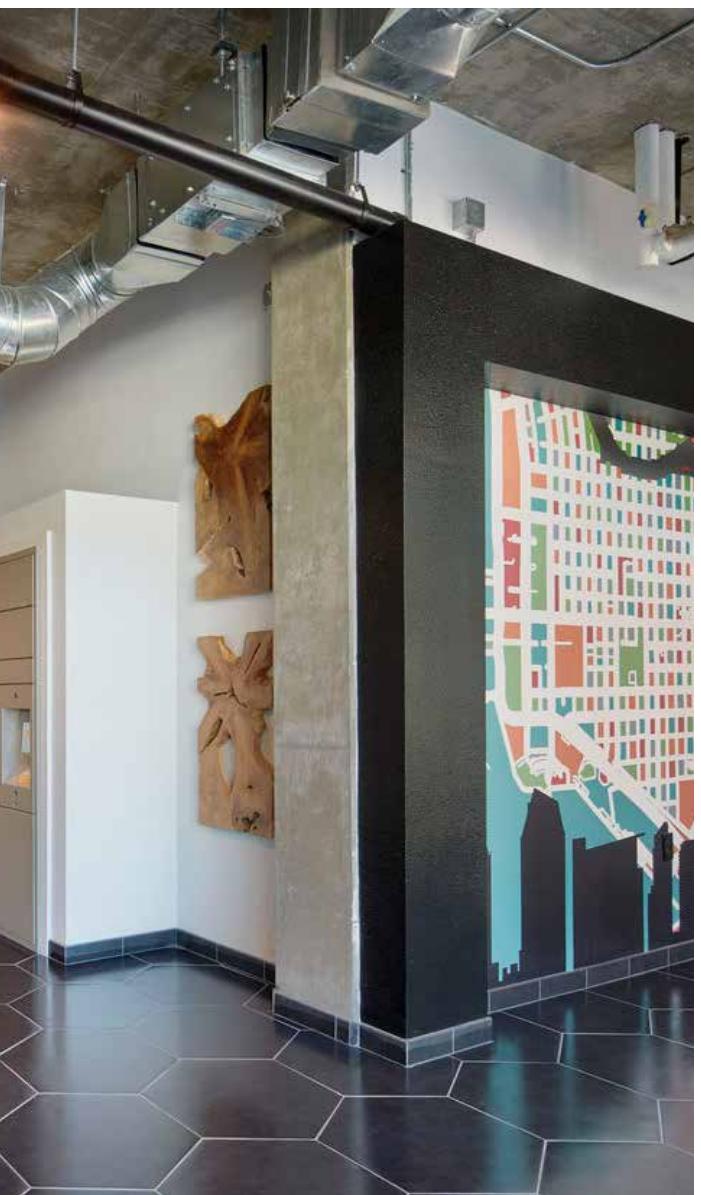


Client: Wakeland Housing and Development

Architect: MW Steele Architects

Overview:

This 5-story affordable housing project consists of 44 studio apartments that provide permanent housing for homeless individuals in Downtown San Diego. The Beacon offers residents on- and off-site supportive services that address their needs and help them lead more stable and independent lives. This project has 5 stories of wood-framing over podium deck on a tight infill site that includes extensive residential amenities and a challenging bio-retention system.



Talmadge Gateway

San Diego, CA

- TYPE OF PROJECT -

New Construction
Affordable Housing
Senior Housing

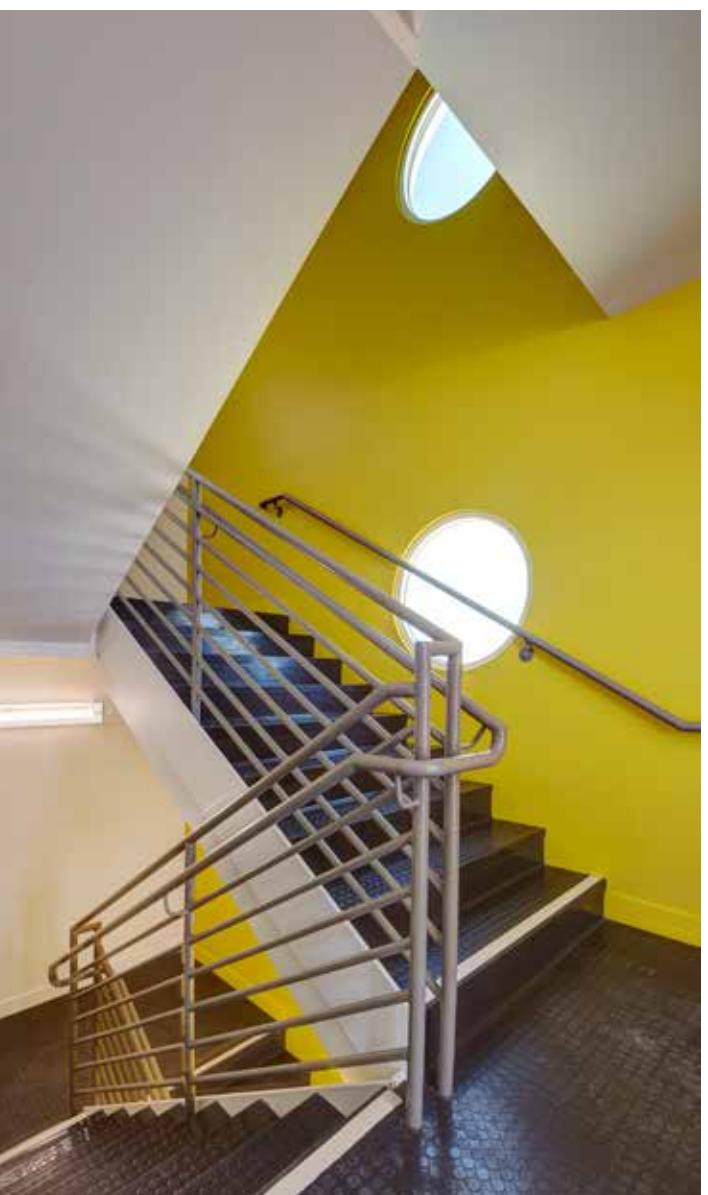


Client: Wakeland Housing and Development

Architect: Studio E Architects

Overview:

60 unit affordable senior apartment infill project. Includes podium deck, bio-retention system, extensive residential amenities, tuck-under parking and 1,500 SF of commercial space.



Living Rooms at the Border

San Ysidro, CA

- TYPE OF PROJECT -
New Construction
Affordable Housing



Client: Casa Familiar, Inc.

Architect: Studio E Architects

Overview:

Living Rooms at the Border is a 13,469 square-foot mixed-use project in the heart of San Ysidro, in the City of San Diego. Designed by Teddy Cruz, UCSD Professor and Director of Urban Research, over the last 17 years, the unique labor of love project includes 10 units of affordable housing and the restoration of the historic Our Lady of Mount Carmel Church, built in 1927, into a theatre and community space.



Bella Villaggio

Palm Desert, CA

- TYPE OF PROJECT -

New Construction
Senior Housing
Memory Care



Client: WESTliving

Architect: CB Two Architects

Overview:

Two-story, 148 unit senior assisted living facility, including 138,000 square feet over 6.78 acre site. Included challenging infrastructure, large bio-retention system, unique architectural features, and extensive common area amenities.





III. AGC TEAM

EXECUTIVE TEAM

Grant Allgire President

Grant's passion for construction started at an early age. Grant continued his passion for construction at the University of Denver, Daniels College of Business, where he graduated with a degree in Construction Management. As part of Grant's calculated and deliberate journey to becoming President of AGC, Grant put in the hard work in all aspects of AGC, from the field to the office. Grant's foundation and desire to lead AGC into the future is based on AGC's success over the last 30+ years and he has now developed his own leadership style, which is based on commitment, vision, and extensive hands-on experience.

Patrick Early Senior Vice President

Patrick's varied and innovative construction experience positions him to provide detailed and complete estimating. Patrick graduated from Purdue University with a major in Building Construction Management and a minor in Organization Leadership and Supervision. Patrick has worked on numerous projects in the hospitality, commercial and residential industries in various states ranging from small tenant improvement projects to \$40,000,000 projects. Patrick is the lead cost estimator and scheduling expert on all of AGC's Consulting cases where he assists attorneys and clients with resolving litigation cases.

Scott Silber Executive Vice President

Scott utilizes his nearly 25 years of construction law experience, including over 15 years as a practicing construction law attorney, to minimize and transfer risks for AGC and its clients. As Executive Vice President, Scott oversees contract negotiation, insurance compliance, financial analysis, and overall risk management. Scott also oversees AGC's operations, ranging from Business Development to Compliance to Safety. Scott's unique perspective in construction positions AGC to remain competitive, as well as protected, in this ever-changing economic environment.

Margo Whitchurch Chief Financial Officer

As CFO, Margo is responsible for all of AGC's financial activities, ranging from budgeting and financial reporting to analysis and forecasting. Margo is always pushing to develop streamlined accounting procedures and to ensure accuracy on all projects, which includes performing detailed project audits and conducting spirited and creative brainstorming meetings with the entire accounting team. As CFO, Margo is a key member of the leadership team, providing her valuable insight on important AGC decisions. Margo graduated from UC Irvine with a BA in Psychology.

PRECONSTRUCTION

Wyatt Barrett

Senior Estimator

Wyatt began his construction career at the age of four on his father's backhoe. From there, he grew up in the footsteps of a family full of tradesmen and cowboys. With a BS degree in Business Management from San Diego State University, he quickly followed that with a General Contractors license at the age of 24 and later obtained his broker's license. From his ground up building experiences, framing and concrete field work, he quickly adapted those experiences to project management and estimating with AGC over the course of 20 years. Wyatt has completed numerous projects for AGC, including La Mision, Fallbrook View, and Sally Wong. Wyatt values building strong relationships with a reliable group of subcontractors and looks forward to the next amazing project.

Joe Balestreri

Estimator

Joe brings over 15 years of construction related experience with him to his job as Estimator and Project Manager with AGC. Starting at a young age working with his dad in the garage, Joe has always worked with his hands, which he utilized in various construction roles, allowing him to develop a comprehensive understanding of the entire building process. A licensed General Contractor, Joe graduated from Bowling Green State University with a BA in Fine Arts. Joe is a highly versatile manager who is always looking to tackle the next challenge.

AGC's greatest asset is the dedicated and committed employees who have established our reputation for quality construction and customer satisfaction. AGC's team is built of industry professionals with decades of combined experience across the residential, multi-family, mixed-use, renovation and commercial markets. Our field staff form the backbone of every project we undertake, efficiently and effectively completing quality projects on time and on budget.

CONSTRUCTION TEAM

Mike Silvett Senior Project Manager

Mike has been a project manager on numerous projects over his long tenure with AGC. Mike has an uncanny ability to connect with owners, construction managers, design professionals, subcontractors, and the entire AGC team, leading to repeated successes. Mike stays intimately involved in plan and specification review, value engineering, buy-out, contract administration, meeting agendas/minutes, scheduling, change orders, pay applications, and construction. Mike's list of successful AGC projects is long and includes both complex renovation projects such as Navy Village, San Diego Square, and Solana Mar, as well as difficult new construction projects such as Citronica 1 and 2, Talmadge and Beacon.

Joon Kim Project Manager

Joon previously worked with several architectural firms and brings his design experience to the construction team, assisting with all phases of construction. Joon also is involved with pre-construction operations, including clash detection and 3D modeling. As a Project Manager, Joon has successfully completed difficult projects for AGC, including Bella Villaggio and Living Rooms at the Border. Joon graduated from Cornell University with a BA in Architecture and is a licensed Architect in California.

Contact Information

Grant Allgire | gallgire@allgire.com
Scott Silber | ssilber@allgire.com
Patrick Early | pearly@allgire.com
Margo Whitchurch | mwhitchurch@allgire.com

Wyatt Barrett | wbarrett@allgire.com
Joe Balestreri | jbalestreri@allgire.com
Mike Silvett | mike@allgire.com
Joon Kim | jkim@allgire.com



IV. INSURANCE, BOND & SAFETY

BOND & INSURANCE

Construction Services Group



November 2, 2021

Re: Allgire General Contractors, Inc.

To Whom It May Concern:

SureTec Insurance Company considers Allgire General Contractors, Inc. to be among our preferred contractor clients. They have a reputation for integrity and quality of workmanship, along with timely completion of projects. We stand ready to provide surety support to Allgire General Contractors, Inc. on individual projects ranging up to \$35,000,000 and aggregate capacity of \$70 million.

SureTec Insurance Company is rated by A.M. Best as "A" (Excellent) and "XV" financial size. SureTec Insurance Company is admitted to conduct Surety business in all 50 states throughout the United States.

As is customary, final approval of any bond is predicated upon our underwriting evaluation at the time of the request. The evaluation includes, but is not limited to, current financial information, receipt and review of contract terms and conditions and bond forms that are acceptable to SureTec Insurance Company, adequate financing, as well as other underwriting conditions, which may exist at the time of the request. Any request for bonds is a matter between Allgire General Contractors, Inc. and ourselves and we assume no liability to any party if for any reason we do not execute said bonds which may arise solely from this letter of recommendation.

If you have any questions, please don't hesitate to call Dale Harshaw at (619) 871-2702.

Sincerely,
SureTec Insurance Company


Tara Bacon
Attorney-in-Fact

ACKNOWLEDGMENT

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

State of California
County of San Diego

On November 2, 2021 before me, Minna Huovila, Notary Public
(insert name and title of the officer)

personally appeared Tara Bacon
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature 

(Seal)



JOINT LIMITED POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That SureTec Insurance Company, a Corporation duly organized and existing under the laws of the State of Texas and having its principal office in the County of Harris, Texas and Markel Insurance Company (the "Company"), a corporation duly organized and existing under the laws of the state of Illinois, and having its principal administrative office in Glen Allen, Virginia, does by these presents make, constitute and appoint:

Lawrence F. McMahon, Janice Martin, Sarah Myers, Dale G. Harshaw,
John R. Qualin, Geoffrey Shelton, Tara Bacon, Minna Huovila, Maria Hallmark

Their true and lawful agent(s) and attorney(s)-in-fact, each in their separate capacity if more than one is named above, to make, execute, seal and deliver for and on their own behalf, individually as a surety or jointly, as co-sureties, and as their act and deed any and all bonds and other undertaking in suretyship provided; however, that the penal sum of any one such instrument executed hereunder shall not exceed the sum of:

Fifty Million and 00/100 Dollars (\$50,000,000.00)

This Power of Attorney is granted and is signed and sealed under and by the authority of the following Resolutions adopted by the Board of Directors of SureTec Insurance Company and Markel Insurance Company:

"RESOLVED, That the President, Senior Vice President, Vice President, Assistant Vice President, Secretary, Treasurer and each of them hereby is authorized to execute powers of attorney, and such authority can be executed by use of facsimile signature, which may be attested or acknowledged by any officer or attorney, of the company, qualifying the attorney or attorneys named in the given power of attorney, to execute in behalf of, and acknowledge as the act and deed of the SureTec Insurance Company and Markel Insurance Company, as the case may be, all bond undertakings and contracts of suretyship, and to affix the corporate seal thereto."

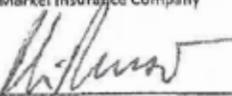
IN WITNESS WHEREOF, Markel Insurance Company and SureTec Insurance Company have caused their official seal to be hereunto affixed and these presents to be signed by their duly authorized officers on the 2nd day of June 2021.

SureTec Insurance Company

By: 
Michael C. Keimig, President



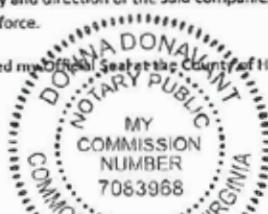
Markel Insurance Company

By: 
Robin Russo, Senior Vice President

Commonwealth of Virginia
County of Henrico SS:

On this 2nd day of June, 2021 A. D., before me, a Notary Public of the Commonwealth of Virginia, in and for the County of Henrico, duly commissioned and qualified, came THE ABOVE OFFICERS OF THE COMPANIES, to me personally known to be the individuals and officers described in, who executed the preceding instrument, and they acknowledged the execution of same, and being by me duly sworn, deposed and said that they are the officers of the said companies aforesaid, and that the seals affixed to the preceding instrument are the Corporate Seals of said Companies, and the said Corporate Seals and their signatures as officers were duly affixed and subscribed to the said instrument by the authority and direction of the said companies, and that Resolutions adopted by the Board of Directors of said Companies referred to in the preceding instrument is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand, and affixed my official Seal at the County of Henrico, the day and year first above written.



By: 
Donna Donavan, Notary Public
My commission expires 1/31/2023

We, the undersigned Officers of SureTec Insurance Company and Markel Insurance Company do hereby certify that the original POWER OF ATTORNEY of which the foregoing is a full, true and correct copy is still in full force and effect and has not been superseded.

IN WITNESS WHEREOF, we have hereunto set our hands, and affixed the Seals of said Companies, on the 2nd day of November, 2021.

SureTec Insurance Company
By: 
M. Brent Beatty, Assistant Secretary

Markel Insurance Company
By: 
Richard R. Grinnan, Vice President and Secretary

Any instrument issued in excess of the penalty stated above is totally void and without any validity. 510007
For verification of the authority of this Power you may call (713)812-0800 on any business day between 8:30 AM and 5:00 PM CST.



ALGIGEN-01
CERTIFICATE OF LIABILITY INSURANCE

TWANG

 DATE (MM/DD/YYYY)
 7/9/2021

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

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

PRODUCER License # 0C36861
 San Diego-Alliant Insurance Services, Inc.
 701 B St 6th Fl
 San Diego, CA 92101

CONTACT NAME	Robin Hamilton	
PHONE (A/C, No, Ext)	(951) 225-2578	FAX (A/C, No):
E-MAIL ADDRESS	Robin.Hamilton@alliant.com	
INSURER(S) AFFORDING COVERAGE	NAIC #	
INSURER A : Navigators Specialty Insurance Company	36056	
INSURER B : West American Insurance Company	44393	
INSURER C : Houston Casualty Company	42374	
INSURER D : Everest Premier Insurance Company	16045	
INSURER E : Great American E & S Insurance Company	37532	
INSURER F :		

INSURED
 Allgire General Contractors, Inc.
 3278 Grey Hawk Court
 Carlsbad, CA 92010

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

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

INSR LTR	TYPE OF INSURANCE	ADL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF. (MM/DD/YYYY)	POLICY EXP. (MM/DD/YYYY)	LIMITS
A	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR			SF21CGL018431IC	7/1/2021	7/1/2022	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ex occurrence) \$ 50,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 OTHER: \$
	GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC						
B	AUTOMOBILE LIABILITY X ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY			BAW2259935589	7/1/2021	7/1/2022	COMBINED SINGLE LIMIT (Ex accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ OTHER: \$
C	UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR X EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$			H21XC50085-09	7/1/2021	7/1/2022	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 OTHER: \$
D	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		76000009443211	7/1/2021	7/1/2022	X PER STATUTE \$ OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
E	Prof Liab			PCM 211134711	7/1/2021	7/1/2022	Per Occurrence/Aggre \$ 2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 Additional Insured, Primary and Non-Contributory and Waiver of Subrogation will only be provided if required by written contract. See forms attached.

Pollution Coverage: Limit \$1,000,000 each pollution condition/\$2,000,000 Aggregate with \$25,000

SIR

2nd Layer Excess: Carrier - Navigators Specialty Insurance Company
 SF21EXCZ05JY0IC Term: 07/01/21-07/01/22 - Limit \$5,000,000 Aggregate \$5,000,000
 (See Attached Descriptions)

SEE ATTACHED ACORD 101

CERTIFICATE HOLDER

CANCELLATION

Allgire General Contractors, Inc. 3278 Gray Hawk Court Carlsbad, CA 92010	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE

ACORD 25 (2016/03)

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AGENCY CUSTOMER ID: ALGIGEN-01

TWANG

LOC #: 1

ADDITIONAL REMARKS SCHEDULE

Page 1 of 1

AGENCY San Diego-Alliant Insurance Services, Inc.	LICENSE # 0C36861	NAMED INSURED Allgire General Contractors, Inc. 3278 Grey Hawk Court Carlsbad, CA 92010
POLICY NUMBER SEE PAGE 1		
CARRIER SEE PAGE 1	NAIC CODE SEE P 1	EFFECTIVE DATE: SEE PAGE 1

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

Description of Operations/Locations/Vehicles:

Third Layer Excess: Carrier - Endurance American Insurance Co.
ELD30001790701 Term: 07/01/21-07/01/22 - Limit \$10,000,000 Aggregate \$10,000,000
Installation Coverage: Carrier - Ohio Security Insurance Company: 24074, Policy No.
BKS2259935589 Term: 07/01/21-07/01/22 - Limit: \$100,000 Ded: \$1,000

This certificate has been issued as Evidence of Insurance Coverage only and is not to be reproduced.

EMR HISTORY



3/26/2021

Alliant Insurance Services, Inc.
701 B Street 6th floor
San Diego, CA 92101

P (619) 238-1828
CA License No. 0C36861
alliant.com

RE: Allgire General Contractors, Inc. - EMR History

To Whom This May Concern,

This letter is written to serve as confirmation of Allgire General Contractors' Experience Modifier Rating history for the last 5 years. Please see below:

2020 = .81
2019 = .79
2018 = .76
2017 = .75
2016 = .72

If you have any questions or need further information, please feel free to contact me at your convenience.

Thank you,

Manny Vargas

Manny Vargas, CLCS
Claims & Risk Solutions
Workers' Compensation Claims Consultant
Alliant Americas
D (619) 226-9665
E manuel.vargas@alliant.com



RE: 2021 Experience Rating Projection

Dear Scott,

The Experience Rating Modifier (ex-mod), which is expressed as a percentage, compares the loss or claims history of one company to all other companies in the same industry that are similar in size. The current calculation will include loss and payroll data from the 2017, 2018, and 2019 policy years.

Based on the information above, we are projecting 2021 experience modifier rating at 82%. This is a 1-pt increase from your prior rating of 81% in 2020.

The calculation did not include any losses and the prior rating did not have any losses that fell out either. The reason for the increase is due to the change in payroll used in the calculation. The 2016-policy fell out of the rating with \$2,316,658 in payroll while the 2019-policy is going in for the first time with \$2,097,222. This decrease of \$219,436 in payroll used in the calculation is what caused the 1-point increase in the ex-mod rating.

Despite the minor increase, this marks the seventh consecutive year that Allgire has achieved an experience rating under 100%! This remarkable streak is a result of remaining loss free, which truly demonstrates your dedication to safety.

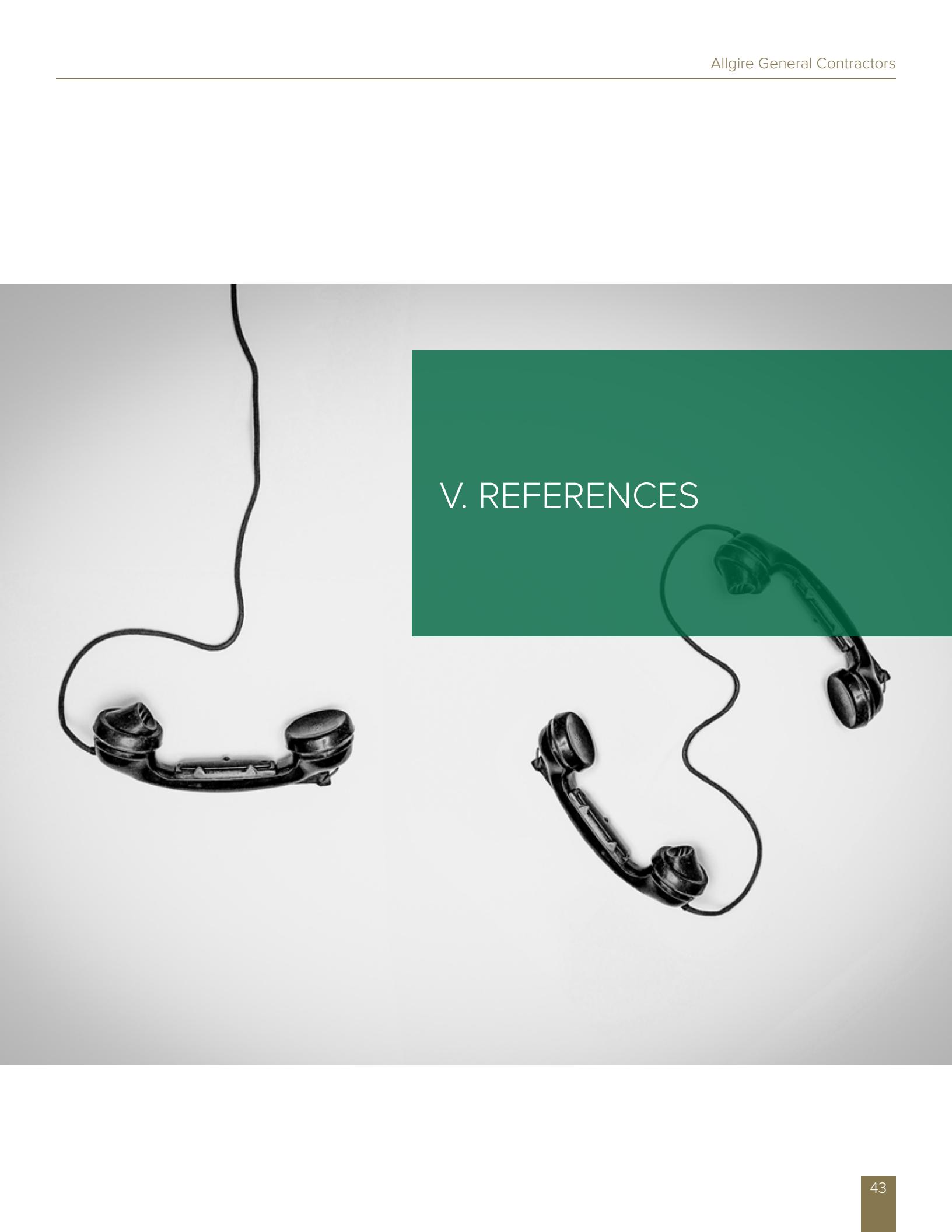
Once the ex-mod publishes, we will revise for errors and keep you apprised of the rating. If you have any questions or need further information, please feel free to contact me at your convenience.

Sincerely,

Manny Vargas, CLCS
Claims & Risk Solutions
Workers' Compensation Claims Consultant
Alliant Americas
D (619) 226-9665
E manuel.vargas@alliant.com
www.alliant.com



Alliant Insurance Services, Inc.
CA License No. 0C36861



V. REFERENCES

Ginger Hitzke

President

Hitzke Development Corporation

P.O. Box 1700

Temecula, CA 92593

Phone: 760-798-9809

www.hitzkedevelopment.com

Chris Tatum

Principal

Tatum Consulting & Management, LLC

26382 Via Conchita

Mission Viejo, CA 92691

Phone: 949-609-9445

www.tatumconsult.com

Peter Armstrong

Vice President, Real Estate Development

Wakeland Housing and Development Corporation

1230 Columbia St., Suite 950

San Diego, CA 92101

Phone: 619-677-2300

www.wakelandhdc.com



Allgire General Contractors | 3278 Grey Hawk Court | Carlsbad | CA | 92010
Vice President of Preconstruction - Patrick Early | 760.421.8216 | pearly@allgire.com



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

1. Name of CONTRACTOR: **Levant Senior Cottages LP**
2. Address and Zip Code: **1230 Columbia Street, #950, San Diego, CA 92101**
3. Telephone Number: **(619) 677-2325**
4. Name of Principal Contact for CONTRACTOR: **Peter Armstrong**
5. Federal Identification Number or Social Security Number of CONTRACTOR: **82-2813446**
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: **Levant Senior Cottages LP**
(Name)
Check one
() General Partnership (Attach statement of General Partnership)
(X) Limited Partnership (Attach Certificate of Limited Partnership)
- A business association or a joint venture known as:

(Attach joint venture or business association agreement)
- A Federal, State or local government or instrumentality thereof.
- Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
Levant Senior Cottages LP – December 3, 2018
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:
- If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
 - 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.
 - 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.
Wakeland Levant LLC- Managing General Partner .08%
1230 Columbia St., #950, San Diego, CA 92101, (619) 235-2296
San Diego Kind Corporation – Administrative General Partner .02%
PO Box 121151, San Diego, CA 92112, (619) 235-2315
Wakeland Housing and Development Corporation-Limited Partner 99.99%
1230 Columbia St., #950, San Diego, CA 92101, (619) 235-2296
 - 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.
 - 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 <u>Zip Code</u>	Position Title (if any) and percent of interest or description <u>of character and extent of interest</u>
--------------------------------------	---

(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.
Yes, upon construction closing the Initial Limited Partner, Wakeland Housing & Development Corporation will be replaced with an Investor Limited Partner.
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): **None**

Name, Address and <u>Zip Code</u>	Position Title (if any) and <u>extent of interest</u>
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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 attached list of Wakeland Housing and Development Corporation's Board Members.
See attached list of San Diego Kind Corporation's Board Members.
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.
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.
Please see Financial Statements attached.

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:
Sources of capital will include capital funding from the SDHC, California Dept. of Housing and Community Development MHP Program, 4% tax credit equity and tax exempt/taxable bonds. Additionally, the project has an award of 70 project-based vouchers.
16. Provide sources and amount of cash available to CONTRACTOR to meet equity requirements of the proposed undertaking:

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

**JP Morgan Chase
300 S. Grand Ave., Suite 300, Los Angeles, CA 90071
Approximate Amount: \$8,832,360**

**State Department of Housing and Community Development
2020 West El Camino Ave, Sacramento, CA 95833
Amount: \$19,080,000**

**San Diego Housing Commission
1122 Broadway, Suite 300, San Diego, CA 92101
Amount \$1,000,000**

**Boston Financial
101 Arch Street, Boston, Massachusetts 02110
Equity Amount: \$20,712,435**

**Wakeland Housing and Development Corporation
1230 Columbia Street, Suite 950, San Diego, CA 92101
Deferred Developer fee \$1,300,000**

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

Wells Fargo Community Lending, Jessica Gonzalez

401 B Street, #304 San Diego, CA 92101

(747) 260-4646

Jessica.Gonzalez2@wellsfargo.com

California Community Reinvestment Corp., Mary Kaiser

225 West Broadway, Suite 120

Glendale, CA 91204

(818) 550-9801

Mary.Kaiser@e-ccrc.org

Banner Bank, Waheed Karim

742 Fletcher Pkwy

El Cajon, CA 92929

(619) 518-2610

Waheed.Karim@bannerbank.com

JP Morgan Chase- Eri Kameyama

300 South Grand, Suite 300, Los Angeles, CA 90071

(213) 621-8310

Eri.kameyama@chase.com

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:

Not Applicable.

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

Not Applicable.

- 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 **Not Applicable.**

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: \$ _____

Not Applicable.

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: **Not Applicable**

<u>Identification of Contract or Development</u>	<u>Location</u>	<u>Amount</u>	<u>Date to be Completed</u>
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- 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: **Not Applicable.**
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 No

If yes, explain.

24. Statements and other evidence of the CONTRACTOR's qualifications and financial responsibility (other than the financial statement referred to in Item 8) are attached hereto and hereby made a part hereof as follows:
Not Applicable.

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

Yes No

If yes, explain: **Not Applicable.**

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:

Cavignac & Associates, 450 B Street, Suite 1800, San Diego, CA 92101

Contract: matt Slakoff (619) 744-0549

See attached Certificate of Insurance.

- 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)]

See attached Certificate of Insurance

Check coverage(s) carried:

- Comprehensive Form
- Owned
- Hired
- Non-Owned

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

See attached Certificate of Insurance

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

Not Applicable

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

See attached Certificate of Insurance

- 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: **None**.

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: **None**.

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

The Wakeland Housing and Development, the Developer, has considerable experience and capacity in all stages of affordable housing development and management for projects that help build stronger communities and spur revitalization of blighted neighborhoods.

Wakeland's Land Acquisition and Development staff have extensive experience managing the development of affordable housing projects with federal and state funding sources. Wakeland Project Manager will work closely with public and private sector partners to secure financing, oversee the planning and design process, administer the selection and execution of construction and other contractors and ensure compliance with various project requirements. The Wakeland Project manager will be supported by the Director of Development and the Vice President of Real Estate to execute these functions.

Wakeland's Accounting Department will help the Project Manager and project team to administer funding for the project according to industry best practices and the fiscal/procurement requirements. The Chief Financial Officer, Controller, Staff Accountant within the Account Department will be responsible for the financial reporting in compliance with the rules and regulations.

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:

<u>Date</u>	<u>Entity Involved</u> (i.e., CITY <u>COMMISSION, etc.)</u>	<u>Status</u> (Current, delinquent <u>repaid, etc.)</u>	<u>Dollar</u> <u>Amount</u>
	None.		

36. Within the last five years, has the proposed CONTRACTOR, and/or have any of the proposed subcontractors, been the subject of a complaint filed with the Contractor's State License Board (CSLB)? Yes No

If yes, explain:

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

 Yes No

If yes, explain:

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

Name: Ms. Ann Kern

Address: 1122 Broadway, Suite 300, San Diego, CA 92101

Phone: (619)578-7582

Project Name and Description: Village Green, 94 affordable units and

Talmadge, 60 affordable units.

Name: Ms. Margery Pierce

Address: 321 N. Nevada Street, Oceanside, CA 92054

Phone: (760) 435-3377

Project Name and Description: Country Club Apartments, 91 affordable units.

Name: Stacy Kurz

Address: 276 Fourth Ave, Chula Vista, CA 91910

Phone: (619)585-5698

Project Name and Description: Los Vecinos, 42

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.

Levant Senior Cottages LP will hire Allgire General Contractors to build the project. See attached Resume.

40. Give the name and experience of the proposed Construction Superintendent.
To be determined.

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

By providing the "Personal Information", (if any) as defined in Section 1798.3(a) of the Civil Code of the State of California (to the extent that it is applicable, if at all), requested herein and by seeking a loan from, a grant from, a contract with, the sale of real estate to, the right to develop from, and/or any and all other entitlements from the SAN DIEGO HOUSING COMMISSION ("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 1 day of April, 2022, at San Diego, California.

CONTRACTOR

By:

Peter Armstrong
Signature
Peter Armstrong

Title: Authorized Agent

CERTIFICATION

The CONTRACTOR, Levant Senior Cottages LP, 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: Peter Armstrong By: _____
Peter Armstrong
Title: Authorized Agent Title: _____
Dated: April 1, 2022 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.

ATTEST:

State of California

County of San Diego

Subscribed and sworn to before me this 1st day of April, 2022.



Helen Y. Subka
Signature of Notary

Helen Y. Subka
Name of Notary

SEAL



**Secretary of State
Certificate of Limited Partnership
(LP)**

LP-1

201833800007

IMPORTANT — Read Instructions before completing this form.

Filing Fee — \$70.00

Copy Fees — First page \$1.00; each attachment page \$0.50;
Certification Fee - \$5.00

Note: LPs may have to pay minimum \$800 tax to the California Franchise Tax Board
each year. For more information, go to <https://www.ftb.ca.gov>.

FILED
Secretary of State
State of California

DEC 03 2018

ZPR

1 PC

Above Space For Office Use Only

1. Limited Partnership Name (See Instructions — Must contain an LP ending such as LP or L.P. "LP" will be added, if not included.)

Levant Senior Cottages LP

2. Business Addresses

a. Initial Street Address of LP's Designated Office in California - Do not enter a P.O. Box	City (no abbreviations)	State	Zip Code
1230 Columbia Street, Suite 950	San Diego	CA	92101
b. Initial Mailing Address of LP, if different than item 2a	City (no abbreviations)	State	Zip Code

3. Service of Process (Must provide either Individual OR Corporation.)

INDIVIDUAL — Complete Items 3a and 3b only. Must include agent's full name and California street address.

a. California Agent's First Name (if agent is not a corporation)	Middle Name	Last Name	Suffix	
Kenneth	L.	Sauder		
b. Street Address (if agent is not a corporation) - Do not enter a P.O. Box		City (no abbreviations)	State	Zip Code
1230 Columbia Street, Suite 950	San Diego	CA	92101	

CORPORATION — Complete Item 3c. Only include the name of the registered agent Corporation.

c. California Registered Corporate Agent's Name (if agent is a corporation) — Do not complete Item 3a or 3b

4. General Partners (List the name and address of each general partner. Attach additional pages, if necessary.)

a. General Partner's Name

Wakeland Levant LLC

General Partner's Address	City (no abbreviations)	State	Zip Code
1230 Columbia Street, Suite 950	San Diego	CA	92101
b. General Partner's Name			
San Diego Kind Corporation			
General Partner's Address	City (no abbreviations)	State	Zip Code
800 The Mark Lane, #201	San Diego	CA	92101

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

please see attached

Type or Print Name

General Partner Signature

please see attached

Type or Print Name

General Partner Signature

SIGNATURE PAGE TO LP-1
OF
LEVANT SENIOR COTTAGES LP

SIGNATURE:

I certify under penalty of perjury that the contents of this document are true. I declare I am the person who executed this instrument which execution is my act and deed.



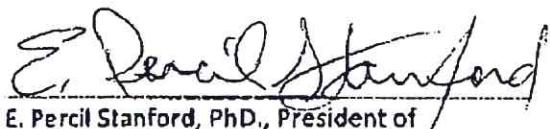
Rebecca Louie, COO of
Wakeland Housing and Development
Corporation, the Sole Member and Manager
of Wakeland Levant LLC, the Managing General
Partner of Levant Senior Cottages LP

201833800007

SIGNATURE PAGE TO LP-1
OF
LEVANT SENIOR COTTAGES LP

SIGNATURE:

I certify under penalty of perjury that the contents of this document are true. I declare I am the person who executed this instrument which execution is my act and deed.



E. Percil Stanford, PhD, President of
San Diego Kind Corporation,
the Administrative General Partner of
Levant Senior Cottages LP

201833800007

WAKELAND HOUSING AND DEVELOPMENT
BOARD OF DIRECTORS

Barry Schultz
Board Chair
Partner
Devaney Pate Morris & Cameron
402 W. Broadway, Suite #1300
San Diego, CA 92101
(619) 354-5028

Lina Ericsson
Board Secretary
Senior Vice President and
Associate General Counsel
Realty Income Corporation
11995 El Camino Real
San Diego, CA 92130
Ph. # (858) 284-5231

Steve Kuptz
Board Treasurer
Trinity Mortgage Fund, LLC
1565 Coast Blvd.
Del Mar, CA 92014
Ph. # (619) 980-8977

Jimmy Ayala
Board Member, Audit Committee Chair
Division President
Tri Pointe Homes
13400 Sabre Springs Parkway, Suite 200
San Diego, CA 92128
Ph.# (858) 794-2579

Jeff Brazel
**Board Member, Finance Committee
Chair**
JVB Real Estate Advisors
PO Box 502135
San Diego, CA 92150
Ph. # (619) 507-8800

Lisa Marie Harris
Board Member
Finance Director/Treasurer
San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123
Ph. # (619) 446-8396 cell
Ph.# (858) 552-6671 office

Jonathan Hunter
Board Member, Governance Committee Chair
JC Hunter Consulting
5715 Baltimore Drive, #83
La Mesa, CA 91942
Ph. # (619) 251-3393

James Lawson
Board Member
President
Presidio PAG, Inc.
427 C Street, Suite 210
San Diego, CA 92101
Ph. # (619) 535-1865

Launa Wilson
Board Member
2745 Brockton Avenue
Riverside, CA 92501
Ph: # (951) 850-0599

Lee Winslett
Board Member
Senior Vice President
Wells Fargo Community Lending
401 B Street, Suite 304-A
San Diego, CA 92101
Ph. # (619) 699-3037
Fax # (877) 786-4003

SAN DIEGO KIND CORPORATION
BOARD OF DIRECTORS AND OFFICERS
2022

<u>BOARD OF DIRECTORS</u>	<u>TITLE</u>	<u>DIRECTOR</u>	<u>OFFICER</u>
<u>E PERCIL STANFORD, PHD</u>	<u>PRESIDENT</u>	<u>X</u>	<u>X</u>
<u>JESS HARO</u>	<u>VICE PRESIDENT</u>	<u>X</u>	<u>X</u>
<u>FRAN E KILBURG</u>	<u>TREASURER/SECRETARY/CFO</u>	<u>X</u>	<u>X</u>
<u>CHANELL KACHI</u>	<u>BOARD MEMBER</u>	<u>X</u>	

Levant Senior Cottages LP

Balance Sheet

December 2021

	YTD Actual 12/31/2021	Year End 12/31/2020	Difference
Assets			
Construction in Progress	\$1,183,096	\$380,399	\$802,697
Total Assets	1,183,096	380,399	802,697
Liabilities & Net Assets			
Liabilities			
Due to Wakeland	1,183,096	380,399	802,697
Total Liabilities	1,183,096	380,399	802,697
Net Assets			
Unrestricted Net Assets	0	0	0
Total Liabilities and Net Assets	\$1,183,096	\$380,399	\$802,697

Levant Senior Cottages LP

Balance Sheet

February 2022

	YTD Actual 2/28/2022	Year End 12/31/2021	Difference
Assets			
Construction in Progress	\$1,300,076	\$1,183,096	\$116,979
Total Assets	1,300,076	1,183,096	116,979
Liabilities & Net Assets			
Liabilities			
Due to Wakeland	1,300,076	1,183,096	116,979
Total Liabilities	1,300,076	1,183,096	116,979
Net Assets			
Unrestricted Net Assets	0	0	0
Total Liabilities and Net Assets	\$1,300,076	\$1,183,096	\$116,979

Levant Senior Cottages LP

Income Statement

February 2022

YTD Actual

2/28/2022

Revenue

	\$0
Total Revenue	0

Expense

Total Expense	0
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Increase (Decrease) in Net Assets	0.00
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Net Assets Beginning of Period	0
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Net Assets End of Period	\$0
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Levant Senior Cottages LP

Trial Balance

February 2022

Account	Description	12/31/2021	Debit	Credit	Net Change	2/28/2022
1150-000-00	Architect	\$341,552.70	\$65,370.09	\$0.00	\$65,370.09	\$406,922.79
1158-000-00	Engineer	\$198,594.07	\$24,506.36	\$0.00	\$24,506.36	\$223,100.43
1160-000-00	Solar Design Costs	\$0.00	\$7,500.00	\$0.00	\$7,500.00	\$7,500.00
1162-000-00	Soils	\$9,290.50	\$698.50	\$0.00	\$698.50	\$9,989.00
1163-000-00	Environmental Testing/Inspection	\$8,690.00	\$667.00	\$0.00	\$667.00	\$9,357.00
1166-000-00	Utility Costs	\$0.00	\$950.00	\$0.00	\$950.00	\$950.00
1200-000-00	Legal - Developer (Predev/Const)	\$62,514.28	\$714.00	\$1,458.00	(\$744.00)	\$61,770.28
1216-000-00	LEGAL/FINANCIAL-CONST. MGT. CONSULTANT	\$4,760.00	\$0.00	\$0.00	\$0.00	\$4,760.00
1217-000-00	Accounting - Predev./Construction	\$5,500.00	\$0.00	\$0.00	\$0.00	\$5,500.00
1220-000-00	Misc. (including reimbursables) - Predev/Const	\$22,042.77	\$35.05	\$0.00	\$35.05	\$22,077.82
1239-000-00	Bond Fees	\$13,000.00	\$0.00	\$0.00	\$0.00	\$13,000.00
1245-000-00	Gov't Permits & Plan Checks	\$180,285.93	\$2,000.00	\$0.00	\$2,000.00	\$182,285.93
1313-000-00	Construction Manager	\$30,925.00	\$5,158.50	\$508.50	\$4,650.00	\$35,575.00
1334-000-00	Predev Loan Interest	\$49,853.36	\$11,346.32	\$0.00	\$11,346.32	\$61,199.68
1342-000-00	Bank Appraisal	\$8,200.00	\$0.00	\$0.00	\$0.00	\$8,200.00
1346-000-00	Marketing Study	\$9,500.00	\$0.00	\$0.00	\$0.00	\$9,500.00
1347-000-00	Syndicator	\$15,000.00	\$0.00	\$0.00	\$0.00	\$15,000.00
1376-000-00	Insurance - Predevelopment	\$15.00	\$0.00	\$0.00	\$0.00	\$15.00
1387-000-00	Performance Deposit	\$100,000.00	\$0.00	\$0.00	\$0.00	\$100,000.00
1394-000-00	Property Taxes	\$96,326.71	\$0.00	\$0.00	\$0.00	\$96,326.71
1396-000-00	Taxes	\$2,400.00	\$0.00	\$0.00	\$0.00	\$2,400.00
1412-000-00	CTCAC Fee	\$23,446.00	\$0.00	\$0.00	\$0.00	\$23,446.00
1413-000-00	CDLAC Fees	\$1,200.00	\$0.00	\$0.00	\$0.00	\$1,200.00
3213-000-00	Due To/From Wakeland	(\$1,183,096.32)	\$1,966.50	\$118,945.82	(\$116,979.32)	(\$1,300,075.64)

0.00 120,912.32 120,912.32 0.00 0.00

Levant Senior Cottages LP

Income Statement

December 2021

YTD Actual

12/31/2021

Revenue

	\$0
Total Revenue	0

Expense

Total Expense	0
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Increase (Decrease) in Net Assets	0.00
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Net Assets Beginning of Period	0
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Net Assets End of Period	\$0
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Levant Senior Cottages LP

Trial Balance

December 2021

Account	Description	12/31/2020	Debit	Credit	Net Change	12/31/2021
1150-000-00	Architect	132,394.51	209,158.19	0.00	209,158.19	341,552.70
1158-000-00	Engineer	45,348.00	171,851.50	18,605.43	153,246.07	198,594.07
1162-000-00	Soils	0.00	9,290.50	0.00	9,290.50	9,290.50
1163-000-00	Environmental Testing/Inspection	8,690.00	0.00	0.00	0.00	8,690.00
1200-000-00	Legal - Developer (Predev/Const)	53,059.28	15,590.00	6,135.00	9,455.00	62,514.28
1216-000-00	LEGAL/FINANCIAL-CONST. MGT. CONSULTANT	4,760.00	0.00	0.00	0.00	4,760.00
1217-000-00	Accounting - Predev./Construction	3,500.00	2,000.00	0.00	2,000.00	5,500.00
1220-000-00	Misc. (including reimbursables) - Predev/Const	21,401.72	1,031.05	390.00	641.05	22,042.77
1239-000-00	Bond Fees	13,000.00	0.00	0.00	0.00	13,000.00
1245-000-00	Gov't Permits & Plan Checks	7,429.33	172,856.60	0.00	172,856.60	180,285.93
1313-000-00	Construction Manager	10,100.00	20,825.00	0.00	20,825.00	30,925.00
1334-000-00	Predev Loan Interest	14,447.36	35,407.92	1.92	35,406.00	49,853.36
1342-000-00	Bank Appraisal	8,200.00	0.00	0.00	0.00	8,200.00
1346-000-00	Marketing Study	5,500.00	4,000.00	0.00	4,000.00	9,500.00
1347-000-00	Syndicator	12,000.00	3,000.00	0.00	3,000.00	15,000.00
1376-000-00	Insurance - Predevelopment	15.00	0.00	0.00	0.00	15.00
1387-000-00	Performance Deposit	0.00	100,000.00	0.00	100,000.00	100,000.00
1394-000-00	Property Taxes	38,954.04	75,791.30	18,418.63	57,372.67	96,326.71
1396-000-00	Taxes	1,600.00	800.00	0.00	800.00	2,400.00
1412-000-00	CTCAC Fee	0.00	23,446.00	0.00	23,446.00	23,446.00
1413-000-00	CDLAC Fees	0.00	1,200.00	0.00	1,200.00	1,200.00
3213-000-00	Due To/From Wakeland	(380,399.24)	43,550.98	846,248.06	(802,697.08)	(1,183,096.32)
		0.00	889,799.04	889,799.04	0.00	0.00



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

9/27/2021

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

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

PRODUCER Cavignac 451 A Street, Suite 1800 San Diego CA 92101	CONTACT NAME: Certificate Department	
	PHONE (A/C, No, Ext): 619-234-6848	FAX (A/C, No): 619-234-8601
INSURED Wakeland Housing & Development 1230 Columbia Street #950 San Diego, CA 92101	E-MAIL ADDRESS: certificates@cavignac.com	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A: Philadelphia Indemnity Ins. Co	18058
	INSURER B: Oak River Insurance Company	34630
	INSURER C: Scottsdale Insurance Company	41297
	INSURER D: QBE Specialty Ins. Co.	11515
	INSURER E:	
INSURER F:		

COVERAGES

CERTIFICATE NUMBER: 1982376761

REVISION NUMBER:

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS		
A	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR			PHPK2295800	6/30/2021	6/30/2022	EACH OCCURRENCE	\$ 1,000,000	
							DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000	
							MED EXP (Any one person)	\$ 5,000	
							PERSONAL & ADV INJURY	\$ 1,000,000	
							GENERAL AGGREGATE	\$ 2,000,000	
							PRODUCTS - COMP/OP AGG	\$ 2,000,000	
	GEN'L AGGREGATE LIMIT APPLIES PER: POLICY <input type="checkbox"/> PRO- JECT <input checked="" type="checkbox"/> LOC OTHER:							\$	
A	AUTOMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY <input checked="" type="checkbox"/> SCHEDULED AUTOS HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			PHPK2295800	6/30/2021	6/30/2022	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000	
							BODILY INJURY (Per person)	\$	
							BODILY INJURY (Per accident)	\$	
							PROPERTY DAMAGE (Per accident)	\$	
								\$	
A	X UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE			PHUB775500	6/30/2021	6/30/2022	EACH OCCURRENCE	\$ 2,000,000	
							AGGREGATE	\$ 2,000,000	
								\$	
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N	N / A	WAWC216183	9/27/2021	9/27/2022	X PER STATUTE	OTHE-	
							E.L. EACH ACCIDENT	\$ 1,000,000	
							E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000	
							E.L. DISEASE - POLICY LIMIT	\$ 1,000,000	
C	Umbrella Liability (2nd Layer) Umbrella Liability (3rd layer)			XLS0119779 MQSX0000752800	6/30/2021 6/30/2021	6/30/2022 6/30/2022	Ea. Occ./Aggregate Ea. Occ./Aggregate	3,000,000 5,000,000	

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

Excess/Umbrella policy follows form over underlying policies: General Liability & Employers Liability (additional insured and waiver of subrogation apply when afforded on underlying policies). Premises operations is covered under policy number PHPK2150799.

CERTIFICATE HOLDER

CANCELLATION

Levant Senior Cottages, LP 6950 Levant Street San Diego CA 92111	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <i>Matthew R. Blakoff</i>

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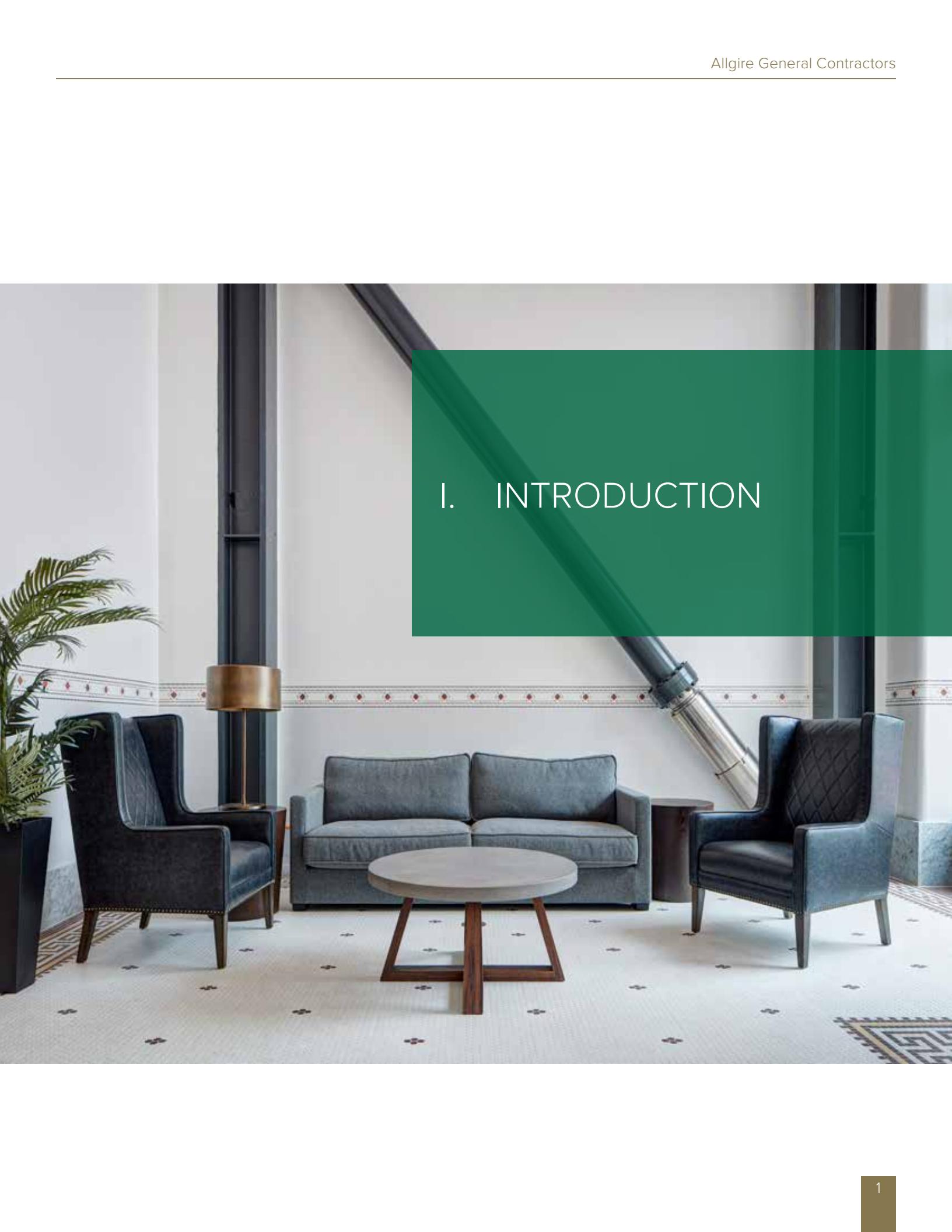
INTRODUCTION BRIEF



Allgire General Contractors | 3278 Grey Hawk Court | Carlsbad | CA | 92010
Senior Vice President - Patrick Early | 760.421.8216 | pearly@allgire.com

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- I. INTRODUCTION
- II. PROJECT EXPERIENCE
- III. AGC TEAM
- IV. INSURANCE, BOND & SAFETY
- V. REFERENCES



I. INTRODUCTION

AGC STORY

With over 32 years of leading industry experience, Allgire General Contractors is dedicated to being the best multi-family contractor. AGC has established excellence in both new construction and renovation of existing projects, while committing to provide quality in everything we build at fair and competitive prices. Our team continually seeks to improve our practices by providing innovative solutions to meet our clients' ever-changing needs.

AGC, led by second generation contractor, Grant Allgire, has built a reputation for quality construction and customer satisfaction since 1988. Specializing in multi-family, mixed-use, renovation, and commercial projects, AGC's breadth of capabilities ensures that we are able to meet each of our client's unique needs every time; whether it is a 20-unit mixed-use project or a 300-unit multi-family project. Based in San Diego, our dedicated and committed team, who have spent their careers helping to establish AGC's reputation, are the greatest asset that AGC has acquired over the years. Our team consists of industry professionals with decades of experience and AGC has always emphasized the value that a team member can bring to the organization. AGC strives to empower its team to achieve greatness.

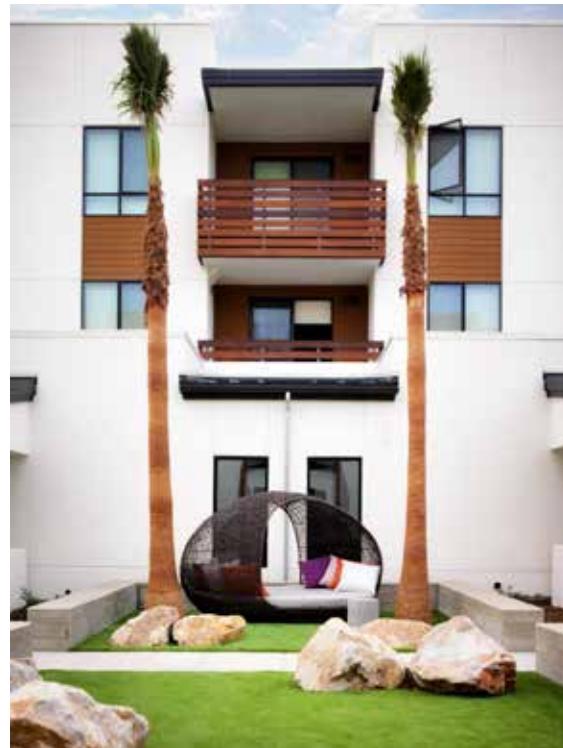
The center of our process is Quality. We make sure that your expectations are the baseline for what we deliver, and what you get in that delivery is an exceptional product. From concept to management to the paint on the walls, AGC exceeds expectations.



What We Do

AGC is “Building Your Future” one project at a time. We know what it takes to succeed from concept to completion and we translate that experience into results. Whether you need conceptual budgeting, design assist, pre-construction services, or a builder who can deliver, AGC is your solution.

We are more than a general contractor, we are a solution to your needs, and a partner to your business



How We Do It

The center of our process is Quality. Whether it is your Project Manager, or Superintendent, a specialty subcontractor, or the building itself, Quality is our focus.

We provide General Contracting services focused on the quality you deserve. The success we consistently achieve is a product of our vast experience.

What You Need

While we know that a reliable contractor is a prerequisite, we also recognize that the needs of our clients go much further than hammers and nails. We provide the services that you need for your project.

Whether it is a concept that you need help analyzing or a project you want built, AGC fulfills those requirements

What We Have

- Hundreds of years of combined experience
- Financial stability and security
- Strong bonding capacity
- A Safety Program that has consistently proven effective
- QSP Certified Professionals
- Value engineering based on expertise, not trial and error
- Budgeting for any project, any time
- An Estimating Department that utilizes the latest in digital On Screen Takeoff technology
- A pre-qualified subcontractor base that consistently provides competitive pricing
- A licensed construction lawyer on staff
- Registered AIA Architects on staff
- An AIA Architect who oversees BIM implementation
- Full 3D imaging capabilities
- Direct access to experienced, on-staff, construction consultants
- Proven Live Environment renovation experience
- Quality Control that is setting a standard in our industry



PROJECT INTEGRATION

Preconstruction Services:

- Constructability Review
- Value Engineering support
- Budgets/ Estimates:
 - Design Development Budget and Conceptual Budgets as needed
 - Construction Documents, current market pricing leading up to and including contract negotiations

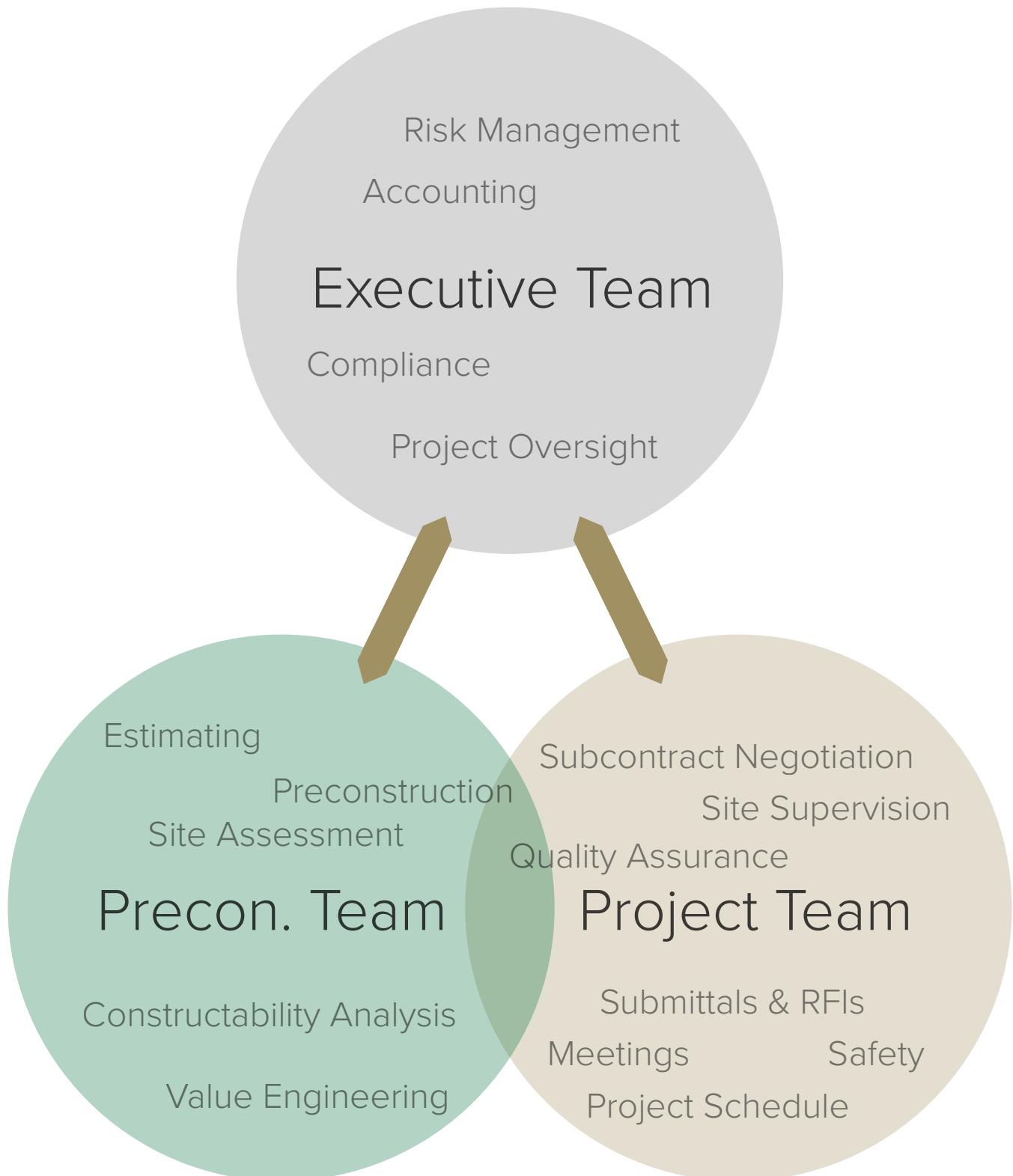
PRECONSTRUCTION

- INTEGRATION
- Project Manager assists in estimating the job
 - Estimator coordinates purchasing with the Project Manager / Superintendent

CONSTRUCTION

Construction Services:

- Project Management and Coordination
- Project / Corporate Safety
- Purchasing
- Cost Tracking / Forecasting
- ASI, RFI, COR and submittal processing
- Document Control
- Sub-Contractor Management
- Quality Control / Assurance
- Productivity Assurance
- System Startup
- System Turnover Management / Controls



PROCORE

Procore, which AGC implemented in 2015, is an integral part of our day-to-day operations. The cloud based platform keeps the office and field processes synchronized, coordinated and accessible at all times to all parties involved.

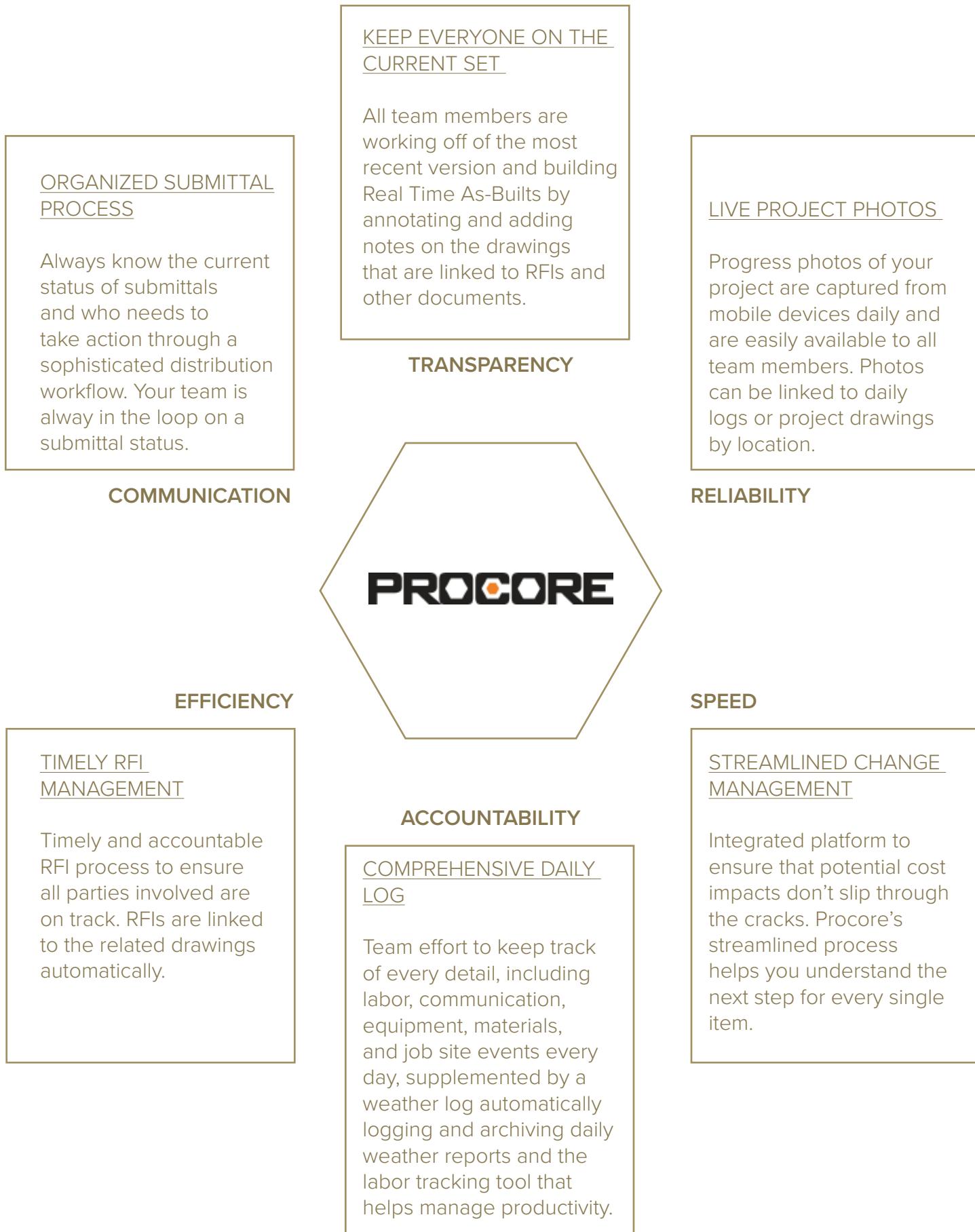
PROCORE

A mobile and collaborative all-in-one platform built to streamline construction project management

VIEW AND UPLOAD DOCUMENTS FROM THE FIELD

On the road or at the job site, Procore's mobile app gives users constant access to project drawings, RFIs, submittals, directories and shared documents.





Allgire Gives Back to Community



AGC has been building affordable housing for more than 30 years, becoming one of the top contractors and a strong, positive force in the community. With the retirement of founders Rick and Mary Ann Allgire, the company's passionate employees are honoring them and continuing their legacy through the Allgire Foundation, an organization the employees created to give back to the community where they live, build and play. Through their decades of building affordable housing, AGC has observed that residents moving into affordable housing often lack some of the basics needed for a new home: plates, silverware, pots & pans, cleaning supplies, basic hygiene supplies, and so many other needs. The Allgire Foundation is helping fill that void by providing community care packages to residents of these communities. The Foundation will also focus on providing scholarships to people living and working in affordable housing to help create new opportunities for the future.



The Allgire Foundation is dedicated to empowering people who are impacted by the lack of affordable housing and changing their lives through advocacy, education and support programs that provide tangible help

Supporting our community in this time of need

As we are facing unprecedented challenges because of the Coronavirus that are changing daily, the Allgire Foundation has shifted some of its efforts to contribute and help residents of affordable communities that may be in need during this pandemic. This is especially true for seniors who cannot venture out of their homes to stores. As of right now, we are focused on providing needed food supplies and will shift our focus to other essentials as we find these limited items.

Please know that we are taking extra safety precautions putting packages together and during deliveries.





II. PROJECT EXPERIENCE

AGC'S PROJECT EXPERIENCE

Year	Units	Project Name	Value	Status	Location	TCAC	Green/LEED	Wage Type	Project Type	New/Rehab	Developer/Architect
2021	3	Leo Ground Floor	\$ 439,540	4/21/2021	San Diego, CA				Multi-Family	New	15th & G, LLC/Stephen Dalton Architects
2021	53	Ivy Senior	\$ 15,432,932	10/31/2021	San Diego, CA	x		PW/Section 3	Senior	New	Wakeland Housing & Development Corp/BNIM
2021	74	Trinity Place	\$ 19,758,777	8/30/2021	San Diego, CA	x		PW/Section 3	Multi-Family	New	Wakeland Housing & Development Corp/Studio E
2020	28	Leo Apartments	\$ 8,933,857	Completed	San Diego, CA				Multi-Family	New	15th & G, LLC/Stephen Dalton Architects
2020	47	West Park	\$ 4,826,803	Completed	San Diego, CA	x		PW/Section 3	Senior	Rehab (Live Environment)	Housing Development Partners/Basis Architecture
2019	10	Living Rooms at Border	\$ 7,493,646	Completed	San Ysidro, CA		x		Multi-Family	New/Rehab (Historic Church)	Casa Familiar/Studio E
2019	225	Montera	\$ 2,510,526	Completed	San Diego, CA				Asst. Living	Rehab (Common Areas)	MBK Senior Living/NOAA Architects
2019	44	Beacon Apartments	\$ 10,475,800	Completed	San Diego, CA	x	x	PW/Section 3	Multi-Family	New	Wakeland Housing & Development Corp/M.W. Steele Group
2018	80	New Palace Hotel	\$ 7,106,690	Completed	San Diego, CA	x		PW/Section 3	Senior	Rehab (Live Environment)	Housing Development Partners/Studio E
2018	91	Nook East Village	\$ 8,546,475	Completed	San Diego, CA			Section 3	Multi-Family	New	Trestle Development/Joseph Wong Design Architects
2018	124	Solana Mar Renovation	\$ 19,127,578	Completed	Solana Beach, CA				Multi-Family	Rehab	Solana Mar, LLC/Howard Anderson Architecture
2018	148	Bella Villaggio	\$ 23,745,423	Completed	Palm Desert, CA				Asst. Living	New	WESTLiving/CB Two Architects
2017	80	Del Oro on Broadway	\$ 19,032,766	Completed	Chula Vista, CA				Multi-Family	New	Broadway, LLC/Studio E
2017	33	Solutions Escondido	\$ 7,019,278	Completed	Escondido, CA	x	x	PW/Section 3	Multi-Family	New	Solutions Escondido Boulevard 33, LP/Foundation for Form
2017	60	Talmadge Gateway	\$ 11,133,085	Completed	San Diego, CA	x	x	PW/Section 3	Senior	New	Wakeland Housing & Development Corp/Studio E
2016	73	Hotel Churchill	\$ 15,779,386	Completed	San Diego, CA		x	PW/Section 3	Multi-Family	Rehab	Housing Development Partners/Studio E
2016	66	Promenade at Creekside	\$ 17,819,428	Completed	San Marcos, CA	x	x	Section 3	Multi-Family	New	Promenade Housing Partners LP/Rodriguez Associates Architecture
2015	156	San Diego Square	\$ 12,087,354	Completed	San Diego, CA	x		Section 3	Multi-Family	Rehab (Live Environment)	Housing Development Partners/Basis Architecture
2015	229	Grande North	\$ 6,266,404	Completed	San Diego, CA				Multi-Family	Rehab (Live Environment)	Grande North Homeowners' Association/Burgess Engineering
2014	76	Navy Village	\$ 15,762,930	Completed	San Pedro, CA	x	x	PW/Section 3	Multi-Family	Rehab	Volunteers of America/Bryant Palmer Soto
2014	80	Citronica Two	\$ 11,622,798	Completed	Lemon Grove, CA	x	x		Senior	New	Hitzke Development/Foundation for Form
2013	22	You Are Here	\$ 2,969,205	Completed	San Diego, CA				Multi-Family	New	You Are Here, LLC/Foundation for Form
2013	54	Knox Glen	\$ 2,285,017	Completed	San Diego, CA	x		Section 3	Multi-Family	Rehab (Live Environment)	Housing Development Partners/Basis Architecture
2012	16	Mason Building	\$ 2,595,196	Completed	San Diego, CA	x		PW/Section 3	Multi-Family	Rehab	Housing Development Partners/Richard Bundy & David Thompson
2012	56	Citronica One	\$ 8,967,671	Completed	Lemon Grove, CA	x	x		Multi-Family	New	Hitzke Development/Foundation for Form
2012	49	Chambers Senior	\$ 7,822,548	Completed	El Cajon, CA	x	x	Section 3	Senior	New	Affirmed Housing Group/Studio E
2011	52	Orange Gardens	\$ 5,259,048	Completed	Poway, CA	x	x	PW/Section 3	Multi-Family	Rehab/New	Affirmed Housing Group/Rodriguez Associates
2011	50	Riverwalk	\$ 7,169,764	Completed	Nestor, CA	x	x		Multi-Family	New	Affirmed Housing Group/Studio E
2010	60	Juniper Sr. Village	\$ 7,665,563	Completed	Escondido, CA	x		PW/Section 3	Senior	New	National Core/Davis Group
2010	60	Hacienda Hills	\$ 2,595,364	Completed	Palm Desert, CA	x			Multi-Family	New	Hitzke Development/Foundation for Form
2010	103	Autumn Terrace	\$ 14,072,222	Completed	San Marcos, CA	x	x	PW/Section 3	Multi-Family	New	Hitzke Development/Foundation for Form
2009	168	Palomar	\$ 4,780,317	Completed	Chula Vista, CA	x		Section 3	Senior	Rehab (Live Environment)	Volunteers of America/Davis Group
2009	275	Studio 15	\$ 24,245,179	Completed	San Diego, CA	x	x	PW/Section 3	Multi-Family	New	Affirmed Housing Group/Carrier Johnson
2009	36	Citron Court	\$ 6,536,075	Completed	Lemon Grove, CA	x		PW/Section 3	Multi-Family	New	Hitzke Development/Foundation for Form
2008	80	La Mision Village	\$ 19,912,954	Completed	Oceanside, CA	x		PW/Section 3	Multi-Family	New	National Core/Davis Group
2008	36	Cape Cod	\$ 588,512	Completed	Oceanside, CA				Senior	Rehab (Live Environment)	National Core/N/A
2007	56	Cassia Heights	\$ 9,783,528	Completed	Carlsbad, CA	x		PW/Section 3	Multi-Family	New	Affirmed Housing Group/Davis Group
2006	50	Creekside Trails	\$ 7,310,270	Completed	San Diego, CA	x			Multi-Family	New	Affirmed Housing Group/Studio E
2005	64	Monte Vista	\$ 6,376,498	Completed	Murrieta, CA	x			Multi-Family	New	Affirmed Housing Group/Davis Group
2005	180	La Costa Greens	\$ 17,863,785	Completed	Carlsbad, CA	x			Multi-Family	New	Community Housing Works/Mercy Housing/Rodriguez & Simon
2004	80	Fallbrook View	\$ 10,610,312	Completed	Fallbrook, CA	x			Multi-Family	New	Community Housing Works/Mercy Housing/Rodriguez & Simon
2003	106	Tesoro Grove	\$ 9,239,299	Completed	Nestor, CA	x			Multi-Family	New	Affirmed Housing Group/Studio E
2003	184	Crescent Heights	\$ 14,784,963	Completed	Murrieta, CA				Multi-Family	New	The MJW Property Group/John Watson
2001	48	Ventaliso	\$ 4,252,254	Completed	San Marcos, CA	x			Multi-Family	New	Affirmed Housing Group/Davis Group
2000	92	Poinsettia Station	\$ 6,121,300	Completed	Carlsbad, CA	x			Multi-Family	New	Bridge Housing Corporation/Studio E
2000	76	Mission Village	\$ 3,681,204	Completed	Temecula, CA	x			Multi-Family	New/Rehab	Affirmed Housing Group/Davis Group
1998	80	Mariposa	\$ 1,841,000	Completed	San Marcos, CA	x			Multi-Family	Rehab	Affirmed Housing Group/Davis Group
1996	190	Terraces	\$ 8,408,000	Completed	Escondido, CA	x			Multi-Family	New	Affirmed Housing Group/Davis Group
1994	36	Las Brisas	\$ 1,100,000	Completed	Solana Beach, CA				Multi-Family	Rehab (Live Environment)	La Brisas Homeowners' Association/N/A
TOTAL		TOTAL	\$ 463,758,524								

Trinity Place

San Diego, CA

- TYPE OF PROJECT -

New Construction
Affordable Housing
Senior Housing



Client: Wakeland Housing and Development

Architect: Studio E Architects

Overview:

This 4-story affordable housing project consists of 74 studio apartments that will provide permanent housing for homeless senior individuals in San Diego. Trinity Place will offer residents on and off-site supportive services that address their needs and help them lead more stable and independent lives. This project has 4 stories of wood-framing over a podium deck with a solar photo-voltaic system and indoor and outdoor residential amenities, including exterior deck, dog park, and fitness room.



Ivy Senior Apartments

San Diego, CA

CURRENTLY UNDER CONSTRUCTION

- TYPE OF PROJECT -

- New Construction
- Affordable Housing
- Senior Housing



Client: Wakeland Housing & Development

Architect: BNIM

Overview:

This 3-story affordable housing project consists of 53 studio apartments that will provide permanent housing for the senior community in San Diego. Ivy Senior Living will offer residents on-site supportive services that address their needs and help them lead more stable and comfortable lives. This project has 3 stories of wood-framing with solar panels & thermal solar system, lobby with parcel lockers and computer stations, community room with a full kitchen and a landscaped courtyard. This project is on schedule to complete in Fall of 2021.



The Beacon

San Diego, CA

- TYPE OF PROJECT -
New Construction
Affordable Housing

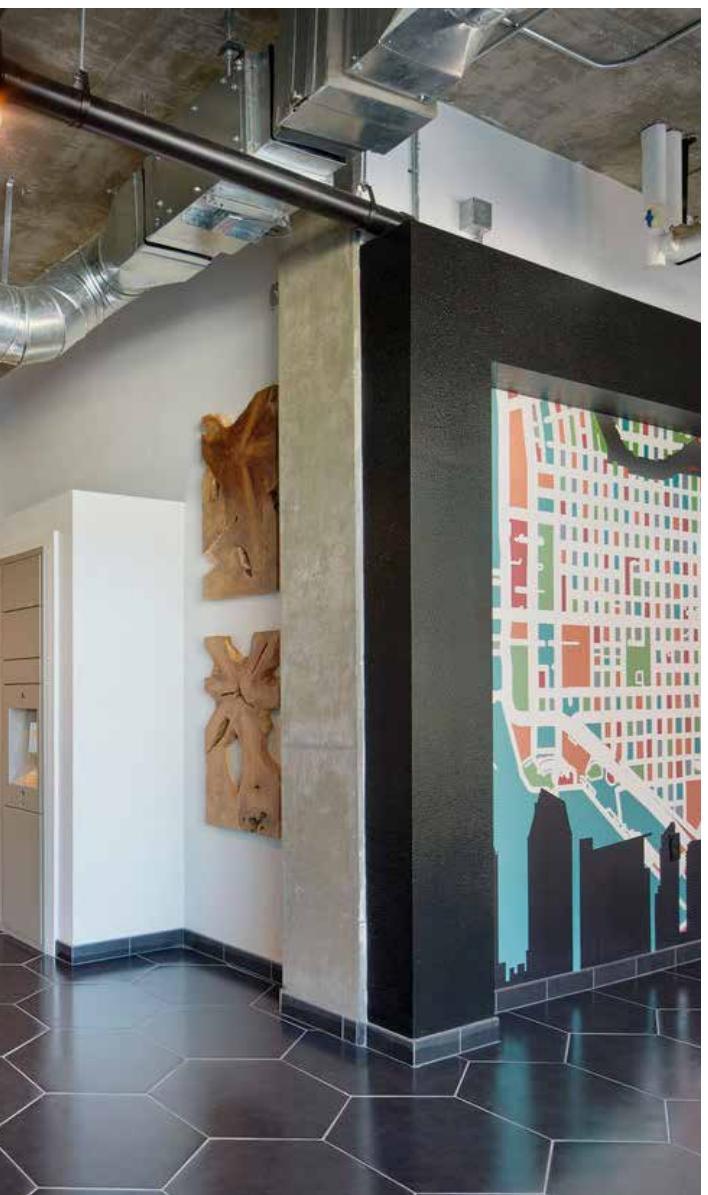


Client: Wakeland Housing and Development

Architect: MW Steele Architects

Overview:

This 5-story affordable housing project consists of 44 studio apartments that provide permanent housing for homeless individuals in Downtown San Diego. The Beacon offers residents on- and off-site supportive services that address their needs and help them lead more stable and independent lives. This project has 5 stories of wood-framing over podium deck on a tight infill site that includes extensive residential amenities and a challenging bio-retention system.



Talmadge Gateway

San Diego, CA

- TYPE OF PROJECT -

New Construction
Affordable Housing
Senior Housing

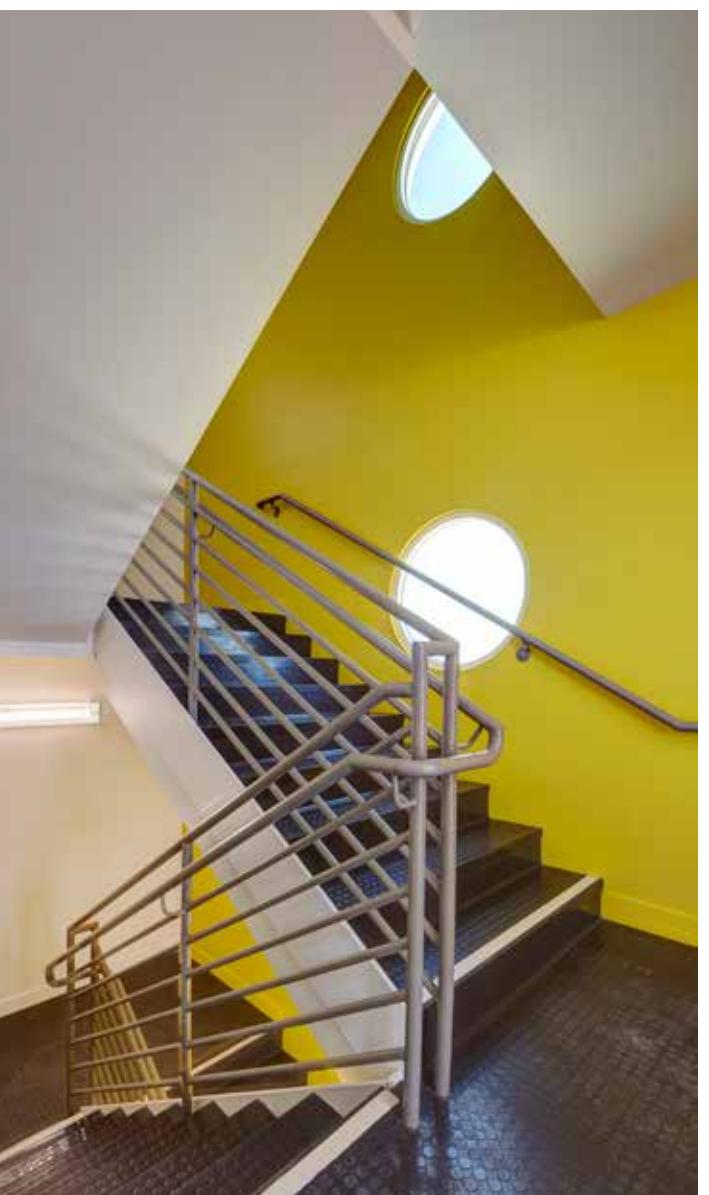


Client: Wakeland Housing and Development

Architect: Studio E Architects

Overview:

60 unit affordable senior apartment infill project. Includes podium deck, bio-retention system, extensive residential amenities, tuck-under parking and 1,500 SF of commercial space.



Living Rooms at the Border

San Ysidro, CA

- TYPE OF PROJECT -
New Construction
Affordable Housing



Client: Casa Familiar, Inc.

Architect: Studio E Architects

Overview:

Living Rooms at the Border is a 13,469 square-foot mixed-use project in the heart of San Ysidro, in the City of San Diego. Designed by Teddy Cruz, UCSD Professor and Director of Urban Research, over the last 17 years, the unique labor of love project includes 10 units of affordable housing and the restoration of the historic Our Lady of Mount Carmel Church, built in 1927, into a theatre and community space.



Bella Villaggio

Palm Desert, CA

- TYPE OF PROJECT -

New Construction
Senior Housing
Memory Care

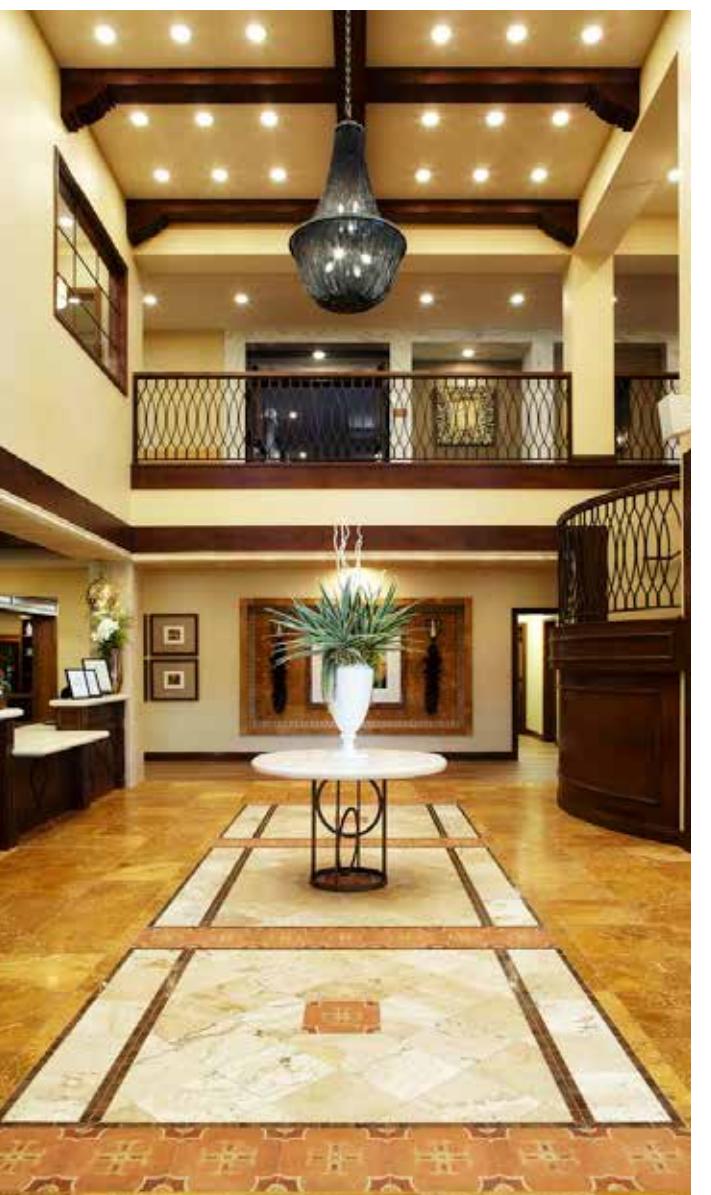


Client: WESTliving

Architect: CB Two Architects

Overview:

Two-story, 148 unit senior assisted living facility, including 138,000 square feet over 6.78 acre site. Included challenging infrastructure, large bio-retention system, unique architectural features, and extensive common area amenities.





III. AGC TEAM

EXECUTIVE TEAM

Grant Allgire President

Grant's passion for construction started at an early age. Grant continued his passion for construction at the University of Denver, Daniels College of Business, where he graduated with a degree in Construction Management. As part of Grant's calculated and deliberate journey to becoming President of AGC, Grant put in the hard work in all aspects of AGC, from the field to the office. Grant's foundation and desire to lead AGC into the future is based on AGC's success over the last 30+ years and he has now developed his own leadership style, which is based on commitment, vision, and extensive hands-on experience.

Patrick Early Senior Vice President

Patrick's varied and innovative construction experience positions him to provide detailed and complete estimating. Patrick graduated from Purdue University with a major in Building Construction Management and a minor in Organization Leadership and Supervision. Patrick has worked on numerous projects in the hospitality, commercial and residential industries in various states ranging from small tenant improvement projects to \$40,000,000 projects. Patrick is the lead cost estimator and scheduling expert on all of AGC's Consulting cases where he assists attorneys and clients with resolving litigation cases.

Scott Silber Executive Vice President

Scott utilizes his nearly 25 years of construction law experience, including over 15 years as a practicing construction law attorney, to minimize and transfer risks for AGC and its clients. As Executive Vice President, Scott oversees contract negotiation, insurance compliance, financial analysis, and overall risk management. Scott also oversees AGC's operations, ranging from Business Development to Compliance to Safety. Scott's unique perspective in construction positions AGC to remain competitive, as well as protected, in this ever-changing economic environment.

Margo Whitchurch Chief Financial Officer

As CFO, Margo is responsible for all of AGC's financial activities, ranging from budgeting and financial reporting to analysis and forecasting. Margo is always pushing to develop streamlined accounting procedures and to ensure accuracy on all projects, which includes performing detailed project audits and conducting spirited and creative brainstorming meetings with the entire accounting team. As CFO, Margo is a key member of the leadership team, providing her valuable insight on important AGC decisions. Margo graduated from UC Irvine with a BA in Psychology.

PRECONSTRUCTION

Wyatt Barrett

Senior Estimator

Wyatt began his construction career at the age of four on his father's backhoe. From there, he grew up in the footsteps of a family full of tradesmen and cowboys. With a BS degree in Business Management from San Diego State University, he quickly followed that with a General Contractors license at the age of 24 and later obtained his broker's license. From his ground up building experiences, framing and concrete field work, he quickly adapted those experiences to project management and estimating with AGC over the course of 20 years. Wyatt has completed numerous projects for AGC, including La Mision, Fallbrook View, and Sally Wong. Wyatt values building strong relationships with a reliable group of subcontractors and looks forward to the next amazing project.

Joe Balestreri

Estimator

Joe brings over 15 years of construction related experience with him to his job as Estimator and Project Manager with AGC. Starting at a young age working with his dad in the garage, Joe has always worked with his hands, which he utilized in various construction roles, allowing him to develop a comprehensive understanding of the entire building process. A licensed General Contractor, Joe graduated from Bowling Green State University with a BA in Fine Arts. Joe is a highly versatile manager who is always looking to tackle the next challenge.

AGC's greatest asset is the dedicated and committed employees who have established our reputation for quality construction and customer satisfaction. AGC's team is built of industry professionals with decades of combined experience across the residential, multi-family, mixed-use, renovation and commercial markets. Our field staff form the backbone of every project we undertake, efficiently and effectively completing quality projects on time and on budget.

CONSTRUCTION TEAM

Mike Silvett Senior Project Manager

Mike has been a project manager on numerous projects over his long tenure with AGC. Mike has an uncanny ability to connect with owners, construction managers, design professionals, subcontractors, and the entire AGC team, leading to repeated successes. Mike stays intimately involved in plan and specification review, value engineering, buy-out, contract administration, meeting agendas/minutes, scheduling, change orders, pay applications, and construction. Mike's list of successful AGC projects is long and includes both complex renovation projects such as Navy Village, San Diego Square, and Solana Mar, as well as difficult new construction projects such as Citronica 1 and 2, Talmadge and Beacon.

Joon Kim Project Manager

Joon previously worked with several architectural firms and brings his design experience to the construction team, assisting with all phases of construction. Joon also is involved with pre-construction operations, including clash detection and 3D modeling. As a Project Manager, Joon has successfully completed difficult projects for AGC, including Bella Villaggio and Living Rooms at the Border. Joon graduated from Cornell University with a BA in Architecture and is a licensed Architect in California.

Contact Information

Grant Allgire | gallgire@allgire.com
Scott Silber | ssilber@allgire.com
Patrick Early | pearly@allgire.com
Margo Whitchurch | mwhitchurch@allgire.com

Wyatt Barrett | wbarrett@allgire.com
Joe Balestreri | jbalestreri@allgire.com
Mike Silvett | mike@allgire.com
Joon Kim | jkim@allgire.com



IV. INSURANCE, BOND & SAFETY

BOND & INSURANCE

Construction Services Group



November 2, 2021

Re: Allgire General Contractors, Inc.

To Whom It May Concern:

SureTec Insurance Company considers Allgire General Contractors, Inc. to be among our preferred contractor clients. They have a reputation for integrity and quality of workmanship, along with timely completion of projects. We stand ready to provide surety support to Allgire General Contractors, Inc. on individual projects ranging up to \$35,000,000 and aggregate capacity of \$70 million.

SureTec Insurance Company is rated by A.M. Best as "A" (Excellent) and "XV" financial size. SureTec Insurance Company is admitted to conduct Surety business in all 50 states throughout the United States.

As is customary, final approval of any bond is predicated upon our underwriting evaluation at the time of the request. The evaluation includes, but is not limited to, current financial information, receipt and review of contract terms and conditions and bond forms that are acceptable to SureTec Insurance Company, adequate financing, as well as other underwriting conditions, which may exist at the time of the request. Any request for bonds is a matter between Allgire General Contractors, Inc. and ourselves and we assume no liability to any party if for any reason we do not execute said bonds which may arise solely from this letter of recommendation.

If you have any questions, please don't hesitate to call Dale Harshaw at (619) 871-2702.

Sincerely,
SureTec Insurance Company


Tara Bacon
Attorney-in-Fact

ACKNOWLEDGMENT

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

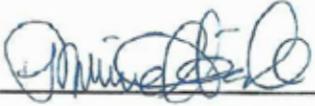
State of California
County of San Diego

On November 2, 2021 before me, Minna Huovila, Notary Public
(insert name and title of the officer)

personally appeared Tara Bacon
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature 

(Seal)



JOINT LIMITED POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That SureTec Insurance Company, a Corporation duly organized and existing under the laws of the State of Texas and having its principal office in the County of Harris, Texas and Markel Insurance Company (the "Company"), a corporation duly organized and existing under the laws of the state of Illinois, and having its principal administrative office in Glen Allen, Virginia, does by these presents make, constitute and appoint:

Lawrence F. McMahon, Janice Martin, Sarah Myers, Dale G. Harshaw,
John R. Qualin, Geoffrey Shelton, Tara Bacon, Minna Huovila, Maria Hallmark

Their true and lawful agent(s) and attorney(s)-in-fact, each in their separate capacity if more than one is named above, to make, execute, seal and deliver for and on their own behalf, individually as a surety or jointly, as co-sureties, and as their act and deed any and all bonds and other undertaking in suretyship provided; however, that the penal sum of any one such instrument executed hereunder shall not exceed the sum of:

Fifty Million and 00/100 Dollars (\$50,000,000.00)

This Power of Attorney is granted and is signed and sealed under and by the authority of the following Resolutions adopted by the Board of Directors of SureTec Insurance Company and Markel Insurance Company:

"RESOLVED, That the President, Senior Vice President, Vice President, Assistant Vice President, Secretary, Treasurer and each of them hereby is authorized to execute powers of attorney, and such authority can be executed by use of facsimile signature, which may be attested or acknowledged by any officer or attorney, of the company, qualifying the attorney or attorneys named in the given power of attorney, to execute in behalf of, and acknowledge as the act and deed of the SureTec Insurance Company and Markel Insurance Company, as the case may be, all bond undertakings and contracts of suretyship, and to affix the corporate seal thereto."

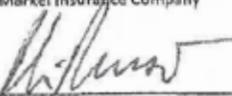
IN WITNESS WHEREOF, Markel Insurance Company and SureTec Insurance Company have caused their official seal to be hereunto affixed and these presents to be signed by their duly authorized officers on the 2nd day of June 2021.

SureTec Insurance Company

By: 
Michael C. Keimig, President



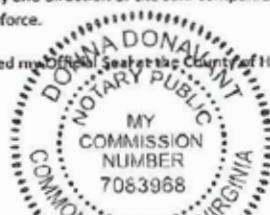
Markel Insurance Company

By: 
Robin Russo, Senior Vice President

Commonwealth of Virginia
County of Henrico SS:

On this 2nd day of June, 2021 A. D., before me, a Notary Public of the Commonwealth of Virginia, in and for the County of Henrico, duly commissioned and qualified, came THE ABOVE OFFICERS OF THE COMPANIES, to me personally known to be the individuals and officers described in, who executed the preceding instrument, and they acknowledged the execution of same, and being by me duly sworn, deposed and said that they are the officers of the said companies aforesaid, and that the seals affixed to the preceding instrument are the Corporate Seals of said Companies, and the said Corporate Seals and their signatures as officers were duly affixed and subscribed to the said instrument by the authority and direction of the said companies, and that Resolutions adopted by the Board of Directors of said Companies referred to in the preceding instrument is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand, and affixed my official Seal at the County of Henrico, the day and year first above written.



By: 
Donna Donavan, Notary Public
My commission expires 1/31/2023

We, the undersigned Officers of SureTec Insurance Company and Markel Insurance Company do hereby certify that the original POWER OF ATTORNEY of which the foregoing is a full, true and correct copy is still in full force and effect and has not been superseded.

IN WITNESS WHEREOF, we have hereunto set our hands, and affixed the Seals of said Companies, on the 2nd day of November, 2021.

SureTec Insurance Company
By: 
M. Brent Beatty, Assistant Secretary

Markel Insurance Company
By: 
Richard R. Grinnan, Vice President and Secretary

Any instrument issued in excess of the penalty stated above is totally void and without any validity. 510007
For verification of the authority of this Power you may call (713)812-0800 on any business day between 8:30 AM and 5:00 PM CST.



ALGIGEN-01
CERTIFICATE OF LIABILITY INSURANCE

TWANG

 DATE (MM/DD/YYYY)
 7/9/2021

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

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

PRODUCER License # 0C36861
 San Diego-Alliant Insurance Services, Inc.
 701 B St 6th Fl
 San Diego, CA 92101

CONTACT NAME	Robin Hamilton	
PHONE (A/C, No, Ext)	(951) 225-2578	FAX (A/C, No):
E-MAIL ADDRESS	Robin.Hamilton@alliant.com	
INSURER(S) AFFORDING COVERAGE	NAIC #	
INSURER A : Navigators Specialty Insurance Company	36056	
INSURER B : West American Insurance Company	44393	
INSURER C : Houston Casualty Company	42374	
INSURER D : Everest Premier Insurance Company	16045	
INSURER E : Great American E & S Insurance Company	37532	
INSURER F :		

INSURED
 Allgire General Contractors, Inc.
 3278 Grey Hawk Court
 Carlsbad, CA 92010

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

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

INSR LTR	TYPE OF INSURANCE	ADD'L SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR		SF21CGL018431IC	7/1/2021	7/1/2022	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ex occurrence) \$ 50,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 OTHER: \$
	GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC					
	OTHER:					
B	AUTOMOBILE LIABILITY X ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY		BAW2259935589	7/1/2021	7/1/2022	COMBINED SINGLE LIMIT (Ex accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ OTHER: \$
C	UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR X EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$		H21XC50085-09	7/1/2021	7/1/2022	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 OTHER: \$
D	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	76000009443211	7/1/2021	7/1/2022	X PER STATUTE \$ OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
E	Prof Liab		PCM 211134711	7/1/2021	7/1/2022	Per Occurrence/Aggre \$ 2,000,000

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

Additional Insured, Primary and Non-Contributory and Waiver of Subrogation will only be provided if required by written contract. See forms attached.

Pollution Coverage: Limit \$1,000,000 each pollution condition/\$2,000,000 Aggregate with \$25,000

SIR

2nd Layer Excess: Carrier - Navigators Specialty Insurance Company
 SF21EXCZ05JY0IC Term: 07/01/21-07/01/22 - Limit \$5,000,000 Aggregate \$5,000,000
 (See Attached Descriptions)

SEE ATTACHED ACORD 101

CERTIFICATE HOLDER

CANCELLATION

Allgire General Contractors, Inc. 3278 Gray Hawk Court Carlsbad, CA 92010	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE

ACORD 25 (2016/03)

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AGENCY CUSTOMER ID: ALGIGEN-01

TWANG

LOC #: 1

ADDITIONAL REMARKS SCHEDULE

Page 1 of 1

AGENCY San Diego-Alliant Insurance Services, Inc.	LICENSE # 0C36861	NAMED INSURED Allgire General Contractors, Inc. 3278 Grey Hawk Court Carlsbad, CA 92010
POLICY NUMBER SEE PAGE 1		
CARRIER SEE PAGE 1	NAIC CODE SEE P 1	EFFECTIVE DATE: SEE PAGE 1

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,

FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

Description of Operations/Locations/Vehicles:

Third Layer Excess: Carrier - Endurance American Insurance Co.

ELD30001790701 Term: 07/01/21-07/01/22 - Limit \$10,000,000 Aggregate \$10,000,000

Installation Coverage: Carrier - Ohio Security Insurance Company: 24074, Policy No.

BKS2259935589 Term: 07/01/21-07/01/22 - Limit: \$100,000 Ded: \$1,000

This certificate has been issued as Evidence of Insurance Coverage only and is not to be reproduced.

EMR HISTORY



3/26/2021

Alliant Insurance Services, Inc.
701 B Street 6th floor
San Diego, CA 92101

P (619) 238-1828
CA License No. 0C36861
alliant.com

RE: Allgire General Contractors, Inc. - EMR History

To Whom This May Concern,

This letter is written to serve as confirmation of Allgire General Contractors' Experience Modifier Rating history for the last 5 years. Please see below:

2020 = .81
2019 = .79
2018 = .76
2017 = .75
2016 = .72

If you have any questions or need further information, please feel free to contact me at your convenience.

Thank you,

Manny Vargas

Manny Vargas, CLCS
Claims & Risk Solutions
Workers' Compensation Claims Consultant
Alliant Americas
D (619) 226-9665
E manuel.vargas@alliant.com



RE: 2021 Experience Rating Projection

Dear Scott,

The Experience Rating Modifier (ex-mod), which is expressed as a percentage, compares the loss or claims history of one company to all other companies in the same industry that are similar in size. The current calculation will include loss and payroll data from the 2017, 2018, and 2019 policy years.

Based on the information above, we are projecting 2021 experience modifier rating at 82%. This is a 1-pt increase from your prior rating of 81% in 2020.

The calculation did not include any losses and the prior rating did not have any losses that fell out either. The reason for the increase is due to the change in payroll used in the calculation. The 2016-policy fell out of the rating with \$2,316,658 in payroll while the 2019-policy is going in for the first time with \$2,097,222. This decrease of \$219,436 in payroll used in the calculation is what caused the 1-point increase in the ex-mod rating.

Despite the minor increase, this marks the seventh consecutive year that Allgire has achieved an experience rating under 100%! This remarkable streak is a result of remaining loss free, which truly demonstrates your dedication to safety.

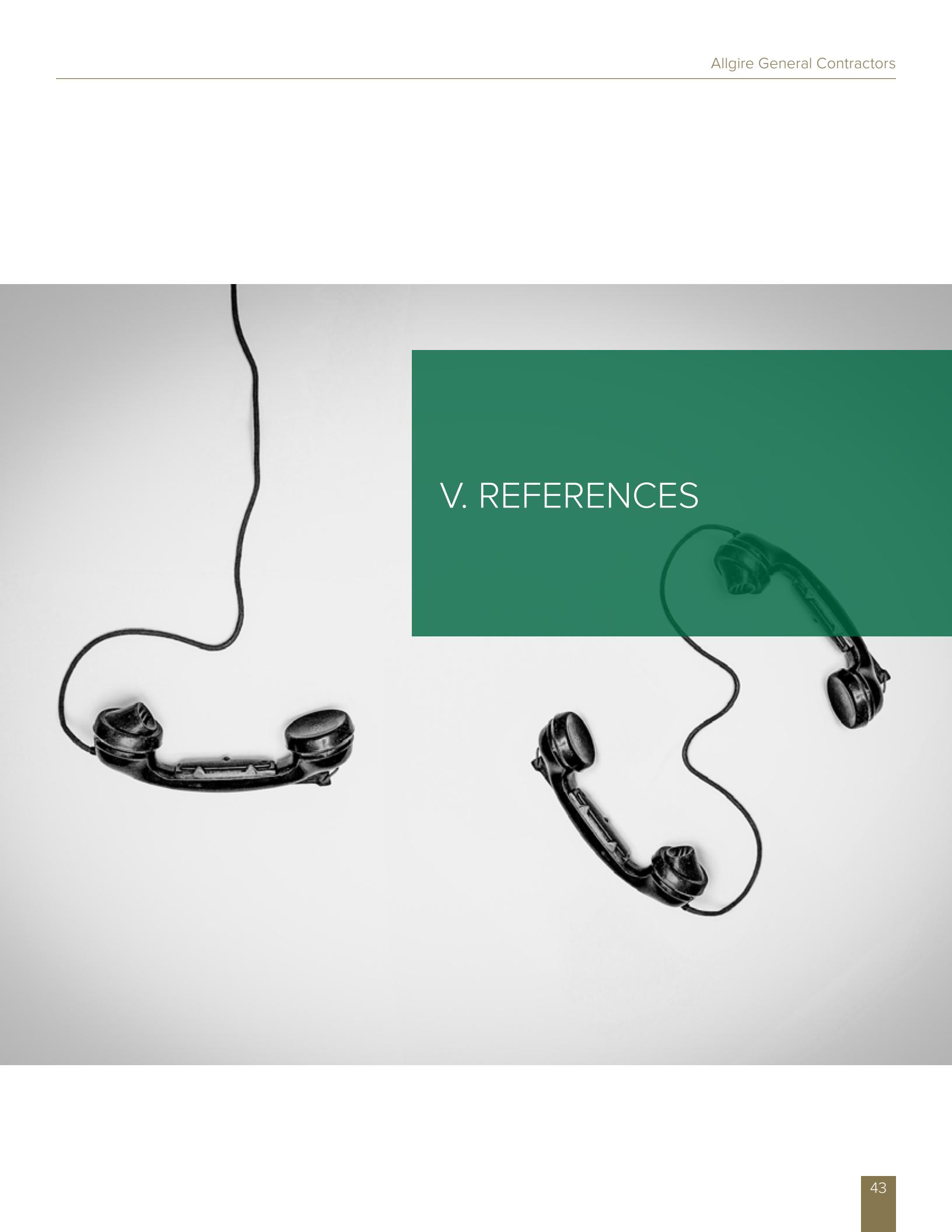
Once the ex-mod publishes, we will revise for errors and keep you apprised of the rating. If you have any questions or need further information, please feel free to contact me at your convenience.

Sincerely,

Manny Vargas, CLCS
Claims & Risk Solutions
Workers' Compensation Claims Consultant
Alliant Americas
D (619) 226-9665
E manuel.vargas@alliant.com
www.alliant.com



Alliant Insurance Services, Inc.
CA License No. 0C36861



V. REFERENCES

Ginger Hitzke

President

Hitzke Development Corporation

P.O. Box 1700

Temecula, CA 92593

Phone: 760-798-9809

www.hitzkedevelopment.com

Chris Tatum

Principal

Tatum Consulting & Management, LLC

26382 Via Conchita

Mission Viejo, CA 92691

Phone: 949-609-9445

www.tatumconsult.com

Peter Armstrong

Vice President, Real Estate Development

Wakeland Housing and Development Corporation

1230 Columbia St., Suite 950

San Diego, CA 92101

Phone: 619-677-2300

www.wakelandhdc.com



Allgire General Contractors | 3278 Grey Hawk Court | Carlsbad | CA | 92010
Vice President of Preconstruction - Patrick Early | 760.421.8216 | pearly@allgire.com

RESOLUTION NUMBER R-

DATE OF FINAL PASSAGE

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO PURSUANT TO SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986 APPROVING THE ISSUANCE OF BONDS OR NOTES BY THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO FOR LEVANT SENIOR COTTAGES.

WHEREAS, the Housing Authority of the City of San Diego (Authority) intends to issue not to exceed \$22,877,000 aggregate principal amount of multifamily housing revenue bonds or notes (Bonds) to finance or refinance the acquisition, construction and equipping of a multifamily rental housing project in the City of San Diego (City) described in the Notice of Public Hearing attached as Exhibit A hereto (Project); and

WHEREAS, in order for interest on the Bonds to be tax-exempt, section 147(f) of the Internal Revenue Code of 1986 (Code) requires that the Bonds be approved by the City Council of the City of San Diego (City Council), as the applicable elected representative, after a public hearing following reasonable public notice; and

WHEREAS, one or more notice(s) of a public hearing with respect to the proposed issuance of the Bonds were timely published in accordance with section 147(f) of the Code; and

WHEREAS, on May 24, 2022, the City Council held a public hearing in accordance with all applicable law and an opportunity was provided at such hearing for interested persons to express their views on the issuance of the Bonds and on the nature and location of the Project; NOW, THEREFORE,

BE IT RESOLVED, by the City Council, as the applicable elected representative under section 147(f) of the Code, as follows:

1. The plan of financing for the issuance of the Bonds (together with a like amount of refunding obligations) by the Authority is approved.
2. The City does not warrant the creditworthiness of the Bonds or guarantee, in any way, the payment of the Bonds. No moneys of the City will be pledged or applied to the repayment of the Bonds.

APPROVED: MARA W. ELLIOTT, City Attorney

By: _____

Marguerite E. Middaugh
Deputy City Attorney

MEM:jdf
04/26/2022
Or.Dept: Housing Authority
Doc. No.: 2963416
Companion to HA-2022-23

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date) _____
TODD GLORIA, Mayor

Vetoed: _____
(date) _____
TODD GLORIA, Mayor

EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City Council of the City of San Diego (City Council) on May 24, 2022, at the hour of 2 p.m. or as soon thereafter as the matter may be heard, in the City Council Chambers, 12th floor, 202 "C" Street, San Diego, California, will hold a public hearing in accordance with section 147(f) of the Internal Revenue Code of 1986 with respect to the proposed issuance by the Housing Authority of the City of San Diego (Authority), pursuant to a plan of financing, of its tax-exempt multifamily housing revenue bonds or notes, in the maximum amount set forth below (together with a like amount of refunding obligations) in order to finance the acquisition, construction, and equipping of the multifamily rental housing development described in the following table (Project):

Name	Location	Number of Units	Aggregate Maximum Bond Amount
Levant Senior Cottages	6950 Levant Street, San Diego, California, bordered to the north by Genesee Avenue, south by Levant Street, east by San Diego Cooperative Charter School and west by Linda Vista Community Park	127 (including 1 manager's unit)	\$22,877,000

For details on how to participate in the public hearing and provide comments, see "Public Hearing Access Details" below.

The owner of the Project is expected to be Levant Senior Cottages LP, a California limited partnership, or another limited partnership to be formed by Wakeland Housing and Development Corporation (or an affiliate thereof) (Borrower). A total of 126 of the 127 units in the Project are to be income and rent restricted and will be occupied by very low- or low-income senior tenants at affordable rents. The unrestricted unit will be a manager's unit.

The proceeds of the Bonds will be loaned to the Borrower for the purpose of paying certain costs of the Project, which costs may include: (1) capitalized interest on the Bonds; (2) the costs of credit enhancement on the Bonds; and (3) certain expenses incurred in connection with the issuance of the Bonds.

The Bonds and the obligation to pay principal thereof and interest thereon, and any redemption premium with respect thereto, do not constitute indebtedness or an obligation of the Authority, the State of California or any political subdivision thereof, within the meaning of any constitutional or statutory debt limitation, or a charge against the general credit or taxing powers of any of them. The Bonds shall be a limited obligation of the Authority, payable solely from certain revenues duly pledged therefor and generally representing amounts paid by the Borrower.

Public Hearing Access Details

Effective April 11, 2022, members of the public may attend City Council meetings in person. City Council meetings will be conducted pursuant to the provisions of California Government Code section 54953(e), added by Assembly Bill 361, which allows the City to use teleconferencing and to provide the public an opportunity to address the City Council via a call-in option or an internet-based service option, during a proclaimed state of emergency. Additionally, the City Council has approved Temporary Rules as amended on April 5, 2022, to be used until further notice.

During the State of Emergency related to the COVID-19 pandemic and in the interest of public health and safety, some, if not all, City Councilmembers may be participating in the City Council meetings via a virtual teleconference platform. Members of the public in attendance at the City Council meetings are encouraged to maintain social distancing in Chamber. Additionally, the City is continuing to provide alternatives to in-person attendance for participating in City Council meetings.

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In Person

Please fill out a speaker slip located at the entrance to Council Chambers. Indicate the item you wish to speak on as well as other requested information. Then submit it to the Clerk at the box indicated near the speaker's lectern at the front of the room.

Via Virtual Platform

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When the Clerk indicates it is your turn to speak, unmute your phone by tapping the Unmute button on your computer, tablet or Smartphone, or dial *6 on your phone.

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Joining the Webinar and Offering Phone-in Testimony

The City Council meetings will continue to be held virtually using the Zoom Webinar platform. Members of the public can offer public comment on agendized items or during Non-Agenda Public Comment by accessing the meeting online using a desktop computer, laptop, tablet, or Smartphone, or by calling into the meeting using a Smartphone, cellular phone, or land line.

<https://sandiego.zoomgov.com/j/1614863189>

To join by using iPhone one-tap:

US: +16692545252,,1614863189#

To join by telephone: Dial 1-669-254 5252 +
Toll-Free, Dial 1-833-568-8864 +

When prompted, input Webinar ID: 161 486 3189 #

Written Comment Through Webform:

Comment on Agenda Items, Non-Agenda Public Comment, and Closed Session Public Comment may be submitted using the webform (found at the following website address: www.sandiego.gov/form/agenda-comment-form) indicating the comment type and item number (if relevant) for which you wish to submit your comment. Comments received two hours prior to the meeting will be distributed to the City Council and posted online with the meeting materials. All webform comments are limited to 500 words but may include attachments. Comments received after that time frame the day of the meeting but before the item is called will be submitted into the written record for the relevant item.

Written Materials. Instead of submitting written materials as an attachment to the webform you may submit via U.S. Mail to the City Clerk's attention at 202 C Street, MS2A San Diego, CA 92101. Materials submitted via U.S. Mail must be received one business day prior to the meeting to be distributed to the City Council. Comments received via U.S. Mail on the day of the meeting will be submitted into the written record for the relevant item.

The public may view the public hearing on public television (within the City of San Diego only) on City TV Channel 24 for Cox Communications and Spectrum or Channel 99 for AT&T or view the public hearing online at the following website address: <https://www.sandiego.gov/communications/citytv> (select "Watch Live Webcast").

Dated: May 10, 2022

CITY COUNCIL OF THE CITY OF SAN DIEGO

RESOLUTION NUMBER R-

DATE OF FINAL PASSAGE

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO PURSUANT TO SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986 APPROVING THE ISSUANCE OF BONDS OR NOTES BY THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO FOR LEVANT SENIOR COTTAGES.

WHEREAS, the Housing Authority of the City of San Diego (Authority) intends to issue not to exceed \$22,877,000 aggregate principal amount of multifamily housing revenue bonds or notes (Bonds) to finance or refinance the acquisition, construction and equipping of a multifamily rental housing project in the City of San Diego (City) described in the Notice of Public Hearing attached as Exhibit A hereto (Project); and

WHEREAS, in order for interest on the Bonds to be tax-exempt, section 147(f) of the Internal Revenue Code of 1986 (Code) requires that the Bonds be approved by the City Council of the City of San Diego (City Council), as the applicable elected representative, after a public hearing following reasonable public notice; and

WHEREAS, one or more notice(s) of a public hearing with respect to the proposed issuance of the Bonds were timely published in accordance with section 147(f) of the Code; and

WHEREAS, on May 24, 2022, the City Council held a public hearing in accordance with all applicable law and an opportunity was provided at such hearing for interested persons to express their views on the issuance of the Bonds and on the nature and location of the Project; NOW, THEREFORE,

BE IT RESOLVED, by the City Council, as the applicable elected representative under section 147(f) of the Code, as follows:

1. The plan of financing for the issuance of the Bonds (together with a like amount of refunding obligations) by the Authority is approved.
2. The City does not warrant the creditworthiness of the Bonds or guarantee, in any way, the payment of the Bonds. No moneys of the City will be pledged or applied to the repayment of the Bonds.

APPROVED: MARA W. ELLIOTT, City Attorney

By: _____

Marguerite E. Middaugh
Deputy City Attorney

MEM:jdf
04/26/2022
Or.Dept: Housing Authority
Doc. No.: 2963416
Companion to HA-2022-23

I certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date) _____
TODD GLORIA, Mayor

Vetoed: _____
(date) _____
TODD GLORIA, Mayor

EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City Council of the City of San Diego (City Council) on May 24, 2022, at the hour of 2 p.m. or as soon thereafter as the matter may be heard, in the City Council Chambers, 12th floor, 202 "C" Street, San Diego, California, will hold a public hearing in accordance with section 147(f) of the Internal Revenue Code of 1986 with respect to the proposed issuance by the Housing Authority of the City of San Diego (Authority), pursuant to a plan of financing, of its tax-exempt multifamily housing revenue bonds or notes, in the maximum amount set forth below (together with a like amount of refunding obligations) in order to finance the acquisition, construction, and equipping of the multifamily rental housing development described in the following table (Project):

Name	Location	Number of Units	Aggregate Maximum Bond Amount
Levant Senior Cottages	6950 Levant Street, San Diego, California, bordered to the north by Genesee Avenue, south by Levant Street, east by San Diego Cooperative Charter School and west by Linda Vista Community Park	127 (including 1 manager's unit)	\$22,877,000

For details on how to participate in the public hearing and provide comments, see "Public Hearing Access Details" below.

The owner of the Project is expected to be Levant Senior Cottages LP, a California limited partnership, or another limited partnership to be formed by Wakeland Housing and Development Corporation (or an affiliate thereof) (Borrower). A total of 126 of the 127 units in the Project are to be income and rent restricted and will be occupied by very low- or low-income senior tenants at affordable rents. The unrestricted unit will be a manager's unit.

The proceeds of the Bonds will be loaned to the Borrower for the purpose of paying certain costs of the Project, which costs may include: (1) capitalized interest on the Bonds; (2) the costs of credit enhancement on the Bonds; and (3) certain expenses incurred in connection with the issuance of the Bonds.

The Bonds and the obligation to pay principal thereof and interest thereon, and any redemption premium with respect thereto, do not constitute indebtedness or an obligation of the Authority, the State of California or any political subdivision thereof, within the meaning of any constitutional or statutory debt limitation, or a charge against the general credit or taxing powers of any of them. The Bonds shall be a limited obligation of the Authority, payable solely from certain revenues duly pledged therefor and generally representing amounts paid by the Borrower.

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<https://sandiego.zoomgov.com/j/1614863189>

To join by using iPhone one-tap:

US: +16692545252,,1614863189#

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When prompted, input Webinar ID: 161 486 3189 #

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Dated: May 10, 2022

CITY COUNCIL OF THE CITY OF SAN DIEGO

HOUSING AUTHORITY OF
THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO AUTHORIZING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$44,877,000 TO FINANCE THE ACQUISITION, CONSTRUCTION AND DEVELOPMENT OF A MULTIFAMILY RENTAL HOUSING FACILITY KNOWN AS LEVANT SENIOR COTTAGES, AND APPROVING AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS.

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code, as amended (Act), the Housing Authority of the City of San Diego (Authority) is authorized to incur indebtedness to finance the acquisition, construction, and development of multifamily rental housing; and

WHEREAS, Levant Senior Cottages LP, a California limited partnership (Borrower), has requested that the Authority borrow funds and loan the funds to the Borrower to finance Borrower's acquisition, construction and development of a multifamily residential rental housing facility known as "Levant Senior Cottages" (Project), consisting of 127 apartment units (including an unrestricted manager's unit) located at 6950 Levant Street in the City of San Diego; and

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

WHEREAS, the Authority intends to issue and sell its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Levant Senior Cottages) Series 2022D-1 (Tax-Exempt Bonds) in a principal amount not to exceed \$22,877,000, and its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Levant Senior Cottages) Series 2022D-2 (Taxable) (Taxable Bonds, and collectively with the Tax-Exempt Bonds, the Bonds), in a principal amount not to exceed \$22,000,000, to JP Morgan Chase Bank, N.A., and apply the sale proceeds of the Bonds to fund a loan to the Borrower (Loan); and

WHEREAS, the Authority will fund the Loan, and the Borrower will use the proceeds of the Bonds to finance costs of the acquisition, construction and development of the Project; and

WHEREAS, the issuance of the Tax-Exempt Bonds by the Authority is subject to the approval by the City Council of the City of San Diego (City Council), after publication of a “TEFRA” notice and the holding on the date hereof of a “TEFRA” hearing, as required by the Internal Revenue Code of 1986, as amended (Code), and applicable United States Treasury Regulations; and

WHEREAS, the City Council approved the Authority’s issuance of the Tax-Exempt Bonds after publication of a “TEFRA” notice and the holding on May 24, 2022 of a “TEFRA” hearing; and

WHEREAS, California Government Code section 8869.85 requires that a local agency file an application with the California Debt Limit Allocation Committee (CDLAC) and obtain CDLAC’s authorization to issue tax-exempt multifamily housing revenue obligations; and

WHEREAS, on December 8, 2021 CDLAC allocated to the Project \$22,877,000 of available State of California volume cap (Allocation) for private activity bonds under section 146 of the Code; and

WHEREAS, the following documents are presented for consideration:

- (1) The form of Indenture of Trust (Indenture), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee, including the form of the Tax-Exempt Bonds and Taxable Bonds attached to the Indenture as Exhibit A,
- (2) The form of Loan Agreement (Loan Agreement), by and between the Authority and the Borrower,
- (3) The form of Regulatory Agreement and Declaration of Restrictive Covenants (Regulatory Agreement), by and between the Authority and Borrower, and
- (4) The form of Assignment of Deed of Trust and Related Documents (Assignment), by the Authority in favor of Trustee; and

WHEREAS, each of the above-referenced documents is in appropriate form and is an appropriate instrument to be executed and delivered for the purposes intended; and

WHEREAS, the City Council certified Environmental Impact Report No. 96-0114/SCH No. 98031037 prepared for the Project on December 1, 1998 in compliance with the California Environmental Quality Act (CEQA) (Public Resources Code sections 21000-21189.70.10) and the Housing Commission staff determined that under CEQA Guidelines section 15162, no additional environmental review is required for the actions approving the issuance of Bonds for the Project; and

WHEREAS, an Environmental Assessment was prepared for the Project in accordance with the National Environmental Policy Act (NEPA) and approved by City staff with a Finding

of No Significant Impact, the U.S. Department of Housing and Urban Development issued its Form 7015.16 Authority to Use Grant Funds, and all other approvals required under NEPA were secured;

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

Section 1. Finding and Determination. It is found and determined that it is necessary and desirable for the Authority to provide for the financing of the acquisition, construction and development of the Project through the execution and delivery of the Bonds in order to assist senior persons of low and very low income within the City of San Diego in obtaining decent, safe, and sanitary housing and to achieve certain other public purposes.

Section 2. Authorization of Bonds. For the purpose of financing the acquisition, construction and development of the Project, the Authority approves the issuance of the Bonds, in any number of subseries in an aggregate principal amount not to exceed \$44,877,000; provided that the aggregate principal amount of the Tax-Exempt Bonds shall not exceed the amount of the Allocation. The Bonds shall be issued in the principal amount and shall bear interest (which shall not exceed 12% per annum) and mature (not later than 45 years from the date of execution and delivery thereof) as provided in the Indenture. The Bonds shall be in substantially the form attached as Exhibit A to the Indenture, with such appropriate variations, omissions, insertions, and provisions as are required or permitted by the Indenture. The Bonds shall be special, limited obligations of the Authority and shall be payable as to principal and interest, and the obligations of the Authority under the Indenture shall be paid and satisfied, solely from the revenues, receipts, and other moneys and assets pledged under the Indenture.

Section 3. Execution and Delivery of the Bonds. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chairperson of the Authority (Chairperson), Vice Chairperson of the Authority (Vice Chairperson), Executive Director of the Authority (Executive Director), President & CEO, Deputy CEO, Executive VP Real Estate, or Vice President Multifamily Housing Finance, and attested with the manual or facsimile signature of the Secretary or a Deputy Secretary of the Authority, and the official seal of the Authority, or a facsimile thereof, shall be impressed or imprinted thereon.

Section 4. Approval of the Indenture. The Indenture, in the form on file in the Housing Commission offices, is approved. The Chairperson, Vice Chairperson, Executive Director, President & CEO, Deputy CEO, Executive VP Real Estate, or Vice President Multifamily Housing Finance, and Deputy Secretary of the Authority, or the designee of any such officer (such officers and any of his or her respective designees are referred to as the Designated Officers) are each authorized to execute and deliver the Indenture in such form, together with such changes as may be approved by the Designated Officer executing the same, upon consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Indenture approved in this Resolution.

Section 5. Approval of Loan Agreement. The Loan Agreement, in the form on file in the Housing Commission offices, is approved. The Designated Officers are each authorized to execute and deliver the Loan Agreement in such form, together with such changes as may be approved by the Designated Officer executing the same, in consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Loan Agreement approved in this Resolution.

Section 6. Approval of Regulatory Agreement. The Regulatory Agreement, in the form on file in the Housing Commission offices, is approved. The Designated Officers are each authorized to execute and deliver the Regulatory Agreement in such form, together with such changes as may be approved by the Designated Officer executing the same, in consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Regulatory Agreement approved in this Resolution.

Section 7. Approval of Assignment. The Assignment, in the form on file in the Housing Commission offices, is approved. The Designated Officers are each authorized to execute and deliver the Assignment in such form, together with such changes as may be approved by the Designated Officer executing the same, in consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Assignment approved in this Resolution.

Section 8. Actions Ratified and Authorized. All prior actions taken by the officers, employees, and agents of the Authority with respect to the issuance and sale of the Bonds are approved, confirmed, and ratified, and the Designated Officers are each authorized, for and in the name and on behalf of the Authority, to take any and all actions and execute and deliver any and all certificates, agreements (including a tax agreement or no arbitrage certificate), and other documents, including but not limited to those described in any of the documents approved by this Resolution, that they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and the making of the Loan in accordance with the Act and this Resolution.

Section 9. Further Consents, Approvals and Other Actions. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents

authorized by this Resolution or otherwise appropriate in the administration of the Bonds and the lending program financed by the Bonds, including without limitation any of the foregoing that may be necessary or desirable in connection with any amendment of such documents, any transfer of the Project, any substitution of security for the Bonds, or any prepayment or redemption of the Bonds, may be taken or given by any of the Designated Officers, in consultation with the Authority's General Counsel, without further authorization by the Board, and the Designated Officers are authorized and directed to give any such consent, approval, notice, order or request and to take any such action that such officer may deem necessary or desirable to further the purposes of this Resolution.

Section 10. Severability. If any section, paragraph, or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, or provision shall not affect any remaining provisions of this Resolution.

Section 11. Effective Date. This Resolution shall take effect immediately upon its adoption.

APPROVED: MARA W. ELLIOTT, General Counsel

By _____
Marguerite Middaugh
Deputy General Counsel

LOAN AGREEMENT

by and between the

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

and

**LEVANT SENIOR COTTAGES LP,
a California limited partnership**

dated as of [_____] 1, 2022

**relating to:
\$22,877,000**

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Levant Senior Cottages)
Series 2022D-1**

\$[D-2 Amount]

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Levant Senior Cottages)
Series 2022D-2 (Taxable)**

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LOAN AGREEMENT

THIS LOAN AGREEMENT (as supplemented and amended from time to time, the "Loan Agreement"), dated as of [] 1, 2022, is by and between the Housing Authority of the City of San Diego, a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California (together with any successor to its rights, duties and obligations, the "Authority"), and Levant Senior Cottages LP, a California limited partnership (the "Borrower").

For and in consideration of the mutual agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1. Definitions. Capitalized terms used in this Loan Agreement and not otherwise defined herein have the meanings given to such terms in the Indenture of Trust, dated as of [] 1, 2022, between the Authority and U.S. Bank Trust Company, National Association, as trustee. In addition, the following capitalized terms as used in this Loan Agreement have the following meanings unless the context or use otherwise requires:

"Act of Bankruptcy" means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the Borrower, or any guarantor of the Borrower, under any applicable bankruptcy, insolvency or similar law now or hereafter in effect.

"Adjusted Income" has the meaning given to such term in the Regulatory Agreement.

"Affiliated Party" has the meaning given to Affiliate in the Regulatory Agreement.

"Area" has the meaning given to such term in the Regulatory Agreement.

"Area Median Gross Income" has the meaning given to the term "Median Income for the Area" in the Regulatory Agreement.

"Certificate of Continuing Program Compliance" has the meaning given to such term in the Regulatory Agreement.

"County" means the County of San Diego, California.

"Event of Default" means any of the events described as an event of default in Section 7.1 hereof.

"Inducement Date" has the meaning given to such term in the Regulatory Agreement.

"Issuance Costs" has the meaning given to the term in the Indenture.

"Loan" means, collectively, the Tax-Exempt Loan and the Taxable Loan.

“Loan Agreement” means this Loan Agreement, as amended and supplemented from time to time in accordance with the terms of this Loan Agreement.

“Loan Documents” means this Loan Agreement, the Construction Loan Agreement, the Indenture, the Regulatory Agreement, the Notes, the Deed of Trust and any other documents that are “Loan Documents” as such term is defined in the Construction Loan Agreement.

“Low Income Tenants” has the meaning given to such term in each Regulatory Agreement.

“Project Costs” has the meaning given to such term in the Regulatory Agreement.

“Qualified Project Costs” has the meaning given to such term in the Regulatory Agreement.

“Qualified Project Period” has the meaning given to such term in the Regulatory Agreement.

“State” means the State of California.

“Very Low Income Tenants” has the meaning given to such term in each Regulatory Agreement.

Section 1.2. Interpretation. Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Loan Agreement and all the terms and provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

Section 1.3. Recitals, Titles and Headings. The terms and phrases used in the recitals of this Loan Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all such terms and phrases for purposes of this Loan Agreement shall be determined by references to Section 1.1 hereof. The titles and headings of the articles and sections of this Loan Agreement have been inserted for convenience of reference only and are not to be considered a part hereof, and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Loan Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the Authority. The Authority represents, warrants and covenants that:

(a) The Authority is a public body corporate and politic, duly organized and validly existing under the constitution and laws of the State. Under the provisions of the Act, the Authority has the power to enter into the transactions on its part contemplated by this Loan Agreement, the Indenture and the Regulatory Agreement (collectively, the

"Authority Documents") and to carry out its obligations hereunder and thereunder. The financing of the Project constitutes and will constitute a permissible public purpose under the Act. By proper action, the Authority has authorized the execution, delivery and due performance of its obligations under the Authority Documents.

(b) Neither the execution and delivery of the Bonds and the Authority Documents, nor the Authority's compliance with the terms, conditions or provisions on the part of the Authority in the Bonds and the Authority Documents, to the knowledge of the Authority without investigation, conflicts in any material respect with or results in a material breach of any of the terms, conditions or provisions of the constitution or any statute of the State, or of any agreement, instrument, judgment, order or decree to which the Authority is now a party or by which it is bound or constitutes a material default by the Authority under any of the foregoing.

(c) The Authority has not created and will not create any debt, lien or charge upon the asset and monies explicitly pledged to the repayment of the Bonds under the Indenture, and has not made and will not make any pledge or assignment of or create any encumbrance thereon, other than the pledge and assignment thereof under the Indenture.

(d) The Authority has complied and will comply with all material provisions of the Act to be complied with by the Authority applicable to the Bonds and the transactions contemplated by this Loan Agreement and the other Authority Documents.

(e) The Bonds are being issued under the Indenture, and are secured by the Indenture pursuant to which the Authority's interest in this Loan Agreement (other than the Reserved Rights) is pledged and assigned to the Trustee. The Authority covenants that it has not pledged and will not pledge or assign its interest in this Loan Agreement other than to the Trustee under the Indenture.

(f) To the best knowledge of the Authority, no litigation or administrative action of any nature has been served on the Authority and is now pending (i) seeking to restrain or enjoin the execution and delivery of the Indenture, this Loan Agreement or the Regulatory Agreement, or in any manner questioning the proceedings or authority of the Authority relating thereto or otherwise affecting the validity of the Bonds, or (ii) challenging the existence or authority of the Authority or that of the members of the Board of Commissioners or its officers, and to the knowledge of the Authority, none of the foregoing are threatened.

The Authority makes no representation or warranty that the Project will be adequate or sufficient for the purposes of the Borrower. Nothing in this Loan Agreement shall be construed as requiring the Authority to provide any financing for the Project other than the proceeds of the Bonds.

Section 2.2. Representations, Warranties and Covenants of the Borrower. The Borrower represents, warrants and covenants that:

(a) The Borrower is a California limited partnership, organized and existing under the laws of the State, is in good standing in the State, and has full legal right, power and authority under the laws of the United States of America and the State (i) to enter into this Loan Agreement and the other Loan Documents to which it is a party; (ii) to perform

its obligations hereunder and thereunder; and (iii) to consummate the transactions on its part contemplated by the Loan Documents.

(b) Upon the execution and delivery thereof by the parties thereto, each of the Loan Documents to which it is a party will constitute valid and binding obligations of the Borrower, enforceable upon the Borrower in accordance with its respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions affecting creditors' rights generally and by judicial discretion in the exercise of equitable remedies.

(c) The execution and delivery of the Loan Documents to which it is a party, the performance by the Borrower of its obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby will not violate the Borrower's partnership agreement, or any law, regulation, rule or ordinance or any order, judgment or decree of any federal, state or local court and do not conflict with, or constitute a breach of, or a default under, any document, instrument or commitment to which the Borrower is a party or by which the Borrower or any of its property is bound.

(d) There is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Borrower which (i) affects or seeks to prohibit, restrain or enjoin the loaning of the amounts set forth herein to the Borrower or the execution and delivery of this Loan Agreement or the other Loan Documents, (ii) affects or questions the validity or enforceability of this Loan Agreement or the other Loan Documents, (iii) questions the power or authority of the Borrower to carry out the transactions on its part contemplated by, or to perform its obligations under, this Loan Agreement and the other Loan Documents to which it is a party, or the powers of the Borrower to own, construct, equip or operate the Project.

(e) The Borrower is not in default under any document, instrument or commitment to which the Borrower is a party or to which it or any of its property is subject which default would or could affect the ability of the Borrower to carry out its obligations under this Loan Agreement and the other Loan Documents.

(f) Any certificate signed by an Authorized Borrower Representative and delivered pursuant to this Loan Agreement or the other Loan Documents shall be deemed a representation and warranty by the Borrower as to the statements made therein.

(g) The Project is located wholly within the City of San Diego.

(h) The Borrower will obtain all necessary certificates, approvals, permits and authorizations with respect to the construction and operation of the Project from applicable local governmental agencies and agencies of the State and the federal government.

(i) The construction and operation of the Project in the manner presently contemplated and as described herein, in the Construction Loan Agreement and in the Regulatory Agreement will not conflict with any zoning, water or air pollution or other ordinance, order, law or regulation applicable thereto. The Borrower will cause the Project to be operated in all material respects in accordance with all applicable federal,

state and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality.

(j) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the Project; that it is familiar with the provisions of all of the documents and instruments relating to the financing of the Project to which it is a party; that it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project; and that it has not relied on the Authority for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Authority in any manner except to issue the Bonds in order to provide funds to make the Loan.

(k) The Borrower intends to hold the Project for its own account, has no current plans to sell and has not entered into any agreement to sell any of the units that comprise the Project. It is hereby acknowledged, however, that the Borrower's partnership agreement does refer to certain rights of one or more of its partners or their affiliates to acquire the Project, and for the possible acquisition of the Project following the fifteen year tax credit compliance period as referenced in the Borrower's partnership agreement, and the San Diego Housing Commission may also be granted a right of first refusal and option to purchase in connection with a loan it may provide to the Project and those provisions shall not result in a breach of this Section 2.2(k).

(l) In the event the Loan proceeds are not sufficient to complete the acquisition, construction and development of the Project and the payment of all Issuance Costs, the Borrower will furnish any additional moneys necessary to complete the acquisition, construction and development of the Project and pay all Issuance Costs.

(m) The estimated total cost of the financing of the acquisition, construction and development of the Project is equal to or in excess of the principal amount of the Loan.

Section 2.3. Hazardous Waste Covenant. In addition to and without limitation of any other representations, warranties and covenants made by the Borrower under this Loan Agreement and under the other Loan Documents, the Borrower further represents, warrants and covenants that the Borrower will not use or permit Hazardous Materials (as defined hereinafter) on, from, or affecting the Project (a) in any manner which violates federal, state or local laws, ordinances, rules, or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, or (b) in a manner that would create a material adverse effect on the Project. Without limiting the foregoing, the Borrower shall not cause or permit the Project or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable federal, state and local laws or regulations, nor shall the Borrower cause or knowingly permit, as a result of any intentional or unintentional act or omission on the part of the Borrower or any tenant or subtenant, a release of Hazardous Materials on to the Project or on to any other property in a manner which violates federal, state, or local laws, ordinances, rules or regulations or in a manner that would create a material adverse effect on the Project. The Borrower shall comply with and require compliance by all tenants and subtenants with all applicable federal, state and local laws, ordinances, rules and regulations, and shall obtain and comply with, and require that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Borrower shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other action required by a governmental authority under an applicable statute or regulation to clean up and remove all

Hazardous Materials, on, from, or affecting the Project in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations.

The Borrower shall defend, indemnify, and hold harmless the Authority from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (a) the presence, disposal, release, or threatened release of any Hazardous Materials which are on or from the Project which affect, the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (b) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials on or from the Project, and/or (c) any violation of laws, orders, regulations, requirements or demands of government authorities, or written requirements of the Authority, which are based upon or in any way related to such Hazardous Materials including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses; except that Borrower shall not defend, indemnify or hold harmless the Authority for any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses that result from the Authority's own willful misconduct. In the event the Project is foreclosed upon, or a deed in lieu of foreclosure is tendered, or this Loan Agreement is terminated, the Borrower shall deliver the Project in a manner and condition that shall conform with all applicable federal, state and local laws, ordinances, rules or regulations affecting the Project.

For the purposes of this Section 2.3 and Section 2.4, "Hazardous Materials" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601 et seq.), and in the regulations promulgated pursuant thereto, or any other federal, state or local environmental laws, ordinances, rules, or regulations. The provisions of this Section 2.3: (a) shall not apply to substances routinely used in the ordinary course of business, (b) shall be in addition to any and all other obligations and liabilities the Borrower may have to the Authority at common law, and (c) with respect to any liability or cost arising as a result of acts or omissions of the Borrower during the term of this Loan Agreement, shall survive the termination of this Loan Agreement. This Section 2.3 shall not obligate the Borrower in any way with respect to any acts or omissions of any entity that succeeds the Borrower as owner of the Project.

The indemnifications and protections set forth in this Section 2.3 (i) shall be extended, with respect to the Authority, to the members of its Board of Commissioners, officers, employees, agents and servants and persons under the Authority's control or supervision, and (ii) shall be for the full and equal benefit of the Trustee, as assignee of the Authority under the Indenture.

Anything to the contrary in this Loan Agreement notwithstanding, the covenants of the Borrower contained in this Section 2.3 shall remain in full force and effect after the termination of this Loan Agreement until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought, and (ii) payment in full or the satisfaction of such claim or cause of action and of all expense and charges incurred by the Authority relating to the enforcement of the provisions herein specified.

For the purposes of this Section 2.3, the Borrower shall not be deemed an employee, agent or servant of the Authority or person under Authority's control or supervision.

Section 2.4. Additional Environmental Matters. (a) The Borrower shall require in any management agreement for the Project that the management company shall operate and maintain the Project in material compliance with all applicable federal, state, regional, county or local laws, statutes, rules, regulations or ordinances, concerning the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Section 9601 et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. Section 6901 et seq., the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 et seq., and the Clean Air Act of 1970, 42 U.S.C. Section 4321, and all rules, regulations and guidance documents promulgated or published thereunder, and any state, regional, county or local statute, law, rule, regulation or ordinance relating (i) to releases, discharges, emissions or disposal of Hazardous Materials to air, water, land or ground water, (ii) to the withdrawal or use of ground water, (iii) to the use, handling or disposal of polychlorinated biphenyls ("PCBs"), asbestos or urea formaldehyde, (iv) to the treatment, storage, disposal or management of hazardous substances (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof) and any other solid, liquid or gaseous substance, exposure to which is prohibited, limited or regulated, or may or could pose a hazard to the health and safety of the occupants of the Project or the property adjacent to or surrounding the Project, (v) to the exposure of persons to toxic, hazardous or other controlled, prohibited or regulated substances or (vi) to the transportation, storage, disposal, management or release of gaseous or liquid substances and any regulation, order, injunction, judgment, declaration, notice or demand issued thereunder.

(b) The Borrower shall keep the Project free and clear of any liens or encumbrances securing payment of the costs of any response, removal or remedial action or cleanup of Hazardous Materials (as defined in Section 2.3).

(c) The Borrower covenants and agrees that it will not knowingly conduct or allow to be conducted any business, operations or activity on the Project, or employ or use the Project to manufacture, treat, store (except with respect to storage in the ordinary operation of the Project), or dispose of any Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof), or any other substance the disposal of which is prohibited, controlled or regulated under applicable law, or which poses a threat or nuisance to safety, health or the environment, including, without limitation, any business, operation or activity which would violate the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. Section 6901 et seq., or cause or knowingly allow to be caused, a release or threat of release, of a non-de minimis quantity of hazardous substances on the Project as defined by, and within the ambit of, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Section 9601 et seq., or any similar state, county, regional or local statute providing for financial responsibility for cleanup for the release or threatened release of substances provided for thereunder.

(d) The Borrower covenants and agrees that it shall take all appropriate response action, including any removal and remedial action, in the event of a release, emission, discharge or disposal of Hazardous Materials in, on, under or about the Project for which the Borrower is liable under state, federal or local environmental rules or regulations.

(e) The Borrower shall, as soon as practicable and in any event within 15 days of its receipt thereof, notify the Authority and the Bondowner of any notice, letter, citation, order, warning, complaint, claim or demand that (i) the Borrower or any tenant has violated, or is about to violate, any federal, state, regional, county or local environmental, health or safety statute, law, rule, regulation, ordinance, judgment or order; (ii) there has been a release, or there is a threat of release, of Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof) from the Project; (iii) the Borrower or any tenant may be or is liable, in whole or in part, for the costs of cleaning up, remediating, removing or responding to a release of Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof); or (iv) the Project is subject to a lien in favor of any governmental entity for any environmental law, rule or regulation arising from or costs incurred by such governmental entity in response to a release of a Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof).

(f) During the period in which this Loan Agreement is in effect, the Borrower hereby grants the Authority and the Trustee, and their respective agents, attorneys, employees, consultants and contractors, an irrevocable license and authorization upon reasonable notice of not less than 24 hours to enter upon and inspect the Project and perform such tests, including, without limitation, subsurface testing, soils and ground water testing, and other tests which may physically invade the Project, as the Authority or the Trustee, in their respective reasonable discretion, determine are necessary to protect the lien created by the Deed of Trust. The provisions of this Section 2.4 shall be for the full and equal benefit of the Authority, and of the Trustee as assignee of the Authority under the Indenture.

ARTICLE III

THE LOAN

Section 3.1. Closing of the Loan. The closing of the Loan shall not occur until the following conditions are met:

(a) the Authority shall have received an original executed counterpart of this Loan Agreement, the Notes, the Tax Certificate, the Regulatory Agreement and the Deed of Trust, together with evidence satisfactory to the Authority of the recordation of the Regulatory Agreement and the Deed of Trust in the official records of the County Recorder of the County, which may be by telephonic notice from a title company (or that such documents have been delivered to an authorized agent of the title company for recordation under binding recording instructions from Bondowner's counsel or such other counsel as may be acceptable to the Authority and Bondowner);

(b) no Event of Default nor any event which with the passage of time and/or the giving of notice would constitute an Event of Default under this Loan Agreement shall have occurred and the Borrower shall have so certified in writing;

(c) all legal matters incident to the transactions contemplated by this Loan Agreement shall be concluded to the reasonable satisfaction of counsel to the Authority;

(d) counsel to the Borrower shall have delivered an opinion in form satisfactory to counsel to the Authority, Bond Counsel and counsel to the Bondowner regarding the

enforceability against the Borrower of each of the documents to which the Borrower is a party;

(e) delivery to the Trustee or into escrow with the title company (or separate escrow company, if applicable) of all amounts required to be paid in connection with the origination of the Loan and any underlying real estate transfers or transactions, as specified in written instructions delivered to the title company by counsel to the Bondowner (or such other counsel as may be acceptable to the Bondowner) and/or as specified in a closing memorandum of the Bondowner; and

(f) the Construction Loan Agreement shall have been executed by the parties thereto, and all conditions to the purchase of the Bonds provided therein shall have been satisfied or waived as evidenced by the advancement by the Bondowner of the Initial Disbursement.

Section 3.2. Commitment to Execute the Notes. The Borrower agrees to execute and deliver the Notes, the Construction Loan Agreement, the Regulatory Agreement, the Tax Certificate and the Deed of Trust simultaneously with the execution of this Loan Agreement.

Section 3.3. Making of the Loan. The Authority hereby makes to the Borrower and agrees to fund, and the Borrower hereby accepts from the Authority, upon the terms and conditions set forth herein and in the Construction Loan Agreement, the Loan and agrees to have the proceeds of the Loan applied and disbursed in accordance with the provisions of this Loan Agreement and the Construction Loan Agreement.

Section 3.4. Disbursement of Loan Proceeds. (a) The Authority hereby authorizes and directs the first funding and disbursement of the Loan on the Closing Date in an amount equal to the Initial Disbursement, subject to the conditions set forth in Section 3.1 above and the conditions set forth in the Construction Loan Agreement. Subject to the foregoing, the Borrower hereby authorizes the Authority to disburse on the date of execution and delivery of the Notes, the Initial Disbursement representing the first advance of the principal amount of Loan to be transferred to or for the benefit of the Borrower to be used to pay Qualified Project Costs.

(b) The Trustee shall make disbursements of the remaining principal amount of the Loan directly to or for the benefit of the Borrower subject to Section 3.03 of the Indenture, and on the terms and subject to the conditions set forth in the Construction Loan Agreement.

ARTICLE IV

LIMITED LIABILITY

Section 4.1. Limited Liability. Notwithstanding anything herein or in any other instrument to the contrary, the Authority shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Bonds or any of the other Loan Documents, except only to the extent amounts are received for the payment thereof from the Borrower under this Loan Agreement. All obligations and any liability of the Authority shall be further limited as provided in Sections 5.01, 6.15, 7.10 and 11.09 of the Indenture.

ARTICLE V
REPAYMENT OF THE LOAN

Section 5.1. Loan Repayment. (a) The obligations of the Borrower for repayment of the principal of the Tax-Exempt Loan and the Taxable Loan, and for payment of interest thereon and premium, if any, with respect thereto shall be evidenced by the Tax-Exempt Note and the Taxable Note, respectively, which shall be executed by the Borrower in the form required by the Construction Loan Agreement. The Borrower agrees to pay to the Trustee, the principal of, interest on and premium with respect to the Loan at the times, in the manner, in the amount and at the rate or rates of interest provided in the Construction Loan Agreement and in the other Loan Documents; provided that at all times the repayment of the Loan shall be in time and amount sufficient to make timely payments of amounts due on the Bonds.

(b) The Borrower further agrees to pay all taxes and assessments, general or special, including, without limitation, all ad valorem taxes, concerning or in any way related to the Project, or any part thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments with respect thereto; provided, however, that the Borrower reserves the right to contest in good faith the legality of any tax or governmental charge concerning or in any way related to the Project. In addition, the Borrower agrees to pay any loan fee, processing fee and all title, escrow, recording and closing costs and expenses, any appraisal costs and all other reasonable fees and costs associated with or required in connection with the Bonds, the Regulatory Agreement and Indenture; including but not limited to any such amounts described in Section 8.06 of the Indenture.

(c) The Borrower hereby acknowledges and consents to the assignment by the Authority to the Trustee and the Bondowner of the Authority's rights under the Notes, the Deed of Trust, this Loan Agreement (excepting only the Reserved Rights) and the other Loan Documents, and the appointment of the Trustee as agent of the Authority to collect the payments on the Loan, all as set forth in the Indenture.

(d) The Borrower hereby agrees to pay the Authority fees and expenses described in Section 17 of the Regulatory Agreement.

(e) The Borrower agrees to pay to the Authority within fifteen (15) days after receipt of request for payment thereof all expenses of the Authority (including salaries and wages of Authority employees) related to the Project and the financing thereof that are not otherwise required to be paid by the Borrower under the terms of this Loan Agreement and are not paid from disbursements of the Loan, including, without limitation, legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project or the Bonds.

(f) The Borrower agrees to pay to the Trustee, immediately upon demand for payment thereof, its fees and all reasonable out-of-pocket expenses of the Trustee in connection with its serving as Trustee under the Indenture that are not otherwise required to be paid by the Borrower under the terms of this Loan Agreement, including, without limitation, legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project or the Bonds.

Section 5.2. Nature of the Borrower's Obligations. The Borrower shall repay the Tax-Exempt Loan and the Taxable Loan pursuant to the terms of the Tax-Exempt Note and the Taxable Note, respectively, and the Construction Loan Agreement irrespective of any rights of

set-off, recoupment or counterclaim the Borrower might otherwise have against the Authority or any other person. The Borrower will not suspend, discontinue or reduce any such payment or (except as expressly provided herein) terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, (i) any delay or interruption in the construction or operation of the Project; (ii) the failure to obtain any permit, order or action of any kind from any governmental agency relating to the Loan or the Project; (iii) any event constituting force majeure; (iv) any acts or circumstances that may constitute commercial frustration of purpose; (v) any change in the laws of the United States of America, the State or any political subdivision thereof; or (vi) any failure of the Authority or the Borrower to perform or observe any covenant whether expressed or implied, or to discharge any duty, liability or obligation arising out of or connected with the Notes; it being the intention of the parties that, as long as the Tax-Exempt Note or the Taxable Note or any portion thereof remains outstanding and unpaid, the obligation of the Borrower to repay the Tax-Exempt Loan or the Taxable Loan, respectively, and provide such moneys shall continue in all events. This Section 5.2 shall not be construed to release the Borrower from any of its obligations hereunder, or, except as provided in this Section 5.2, to prevent or restrict the Borrower from asserting any rights which it may have against the Authority under the Notes or the Deed of Trust or under any provision of law or to prevent or restrict the Borrower, at its own cost and expense, from prosecuting or defending any action or proceeding by or against the Authority, the Bondowner or the Trustee or taking any other action to protect or secure its rights. Nothing in this Section 5.2 or any other provision of this Loan Agreement, shall limit the rights of the Authority as provided in Section 7.3 hereof.

Section 5.3. No Encumbrances. The Borrower shall not create, permit, file or record against the Project without the prior written consent of the Bondowner any deed of trust lien or other lien, inferior or superior to the lien of the Deed of Trust, other than Permitted Encumbrances (as defined in the Construction Loan Agreement) and any lien created under any of the Subordinate Loan Documents (as defined in the Construction Loan Agreement).

ARTICLE VI

FURTHER AGREEMENTS

Section 6.1. Successor to the Authority. The Authority will at all times use commercially reasonable efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to law or assure the assumptions of its obligations hereunder by any public trust or political subdivision succeeding to its powers.

Section 6.2. Borrower Not to Dispose of Assets; Conditions Under Which Exceptions Permitted. The Borrower agrees that during the term of this Loan Agreement it will not dispose of all or substantially all of its assets nor consolidate with nor merge into any entity unless (i) the disposition is permitted under the applicable provisions of the Construction Loan Agreement, (ii) the Authority and the Bondowner shall consent to the disposition, consolidation or merger, (iii) the acquirer of its assets or the entity with which it shall consolidate or into which it shall merge shall be an individual or a corporation, partnership or other legal entity organized and existing under the laws of the United States of America or one of the states of the United States of America and shall be qualified and admitted to do business in the State; and (iv) such acquiring or remaining entity shall assume in writing all of the obligations of the Borrower under this Loan Agreement and the other Loan Documents to which the Borrower is a party.

Section 6.3. Cooperation in Enforcement of Regulatory Agreement. In order to maintain the exclusion from gross income of the owners of the Tax-Exempt Bonds under federal tax law

of interest on the Tax-Exempt Bonds (other than any owner which a "substantial user" of the Project or a "related person," as such terms are used in Section 147(a) of the Code) and to assure compliance with the laws of the State (including the Act), the Borrower hereby agrees that it shall, concurrently with or before the execution and delivery of the Bonds, execute and deliver the Regulatory Agreement and cause it to be recorded in the County Recorder's office. The Borrower hereby covenants and agrees as follows:

- (a) to comply with all provisions of the Regulatory Agreement;
- (b) to advise the Authority in writing promptly upon learning of any default with respect to the covenants, obligations and agreements of the Borrower set forth in the Regulatory Agreement;
- (c) upon written direction by the Authority, to cooperate fully and promptly with the Authority in enforcing the terms and provisions of the Regulatory Agreement; and
- (d) to file in accordance with the time limits established by the Regulatory Agreement all reports and certificates required thereunder, and the Certification to the Secretary of the Treasury required by Section 4(f) of the Regulatory Agreement.

Subject to any applicable laws, including privacy laws, the books and records of the Borrower pertaining to the incomes of Low Income Tenants and Very Low Income Tenants residing in the Project shall be open to inspection by any authorized representative of the Authority and the Bondowner, including any Income Certifications (as defined in the Regulatory Agreement) obtained from tenants.

The Authority shall not incur any liability in the event of any breach or violation of the Regulatory Agreement by the Borrower, and the Borrower agrees to indemnify the Authority from any claim or liability for such breach pursuant to Section 7 of the Regulatory Agreement.

Section 6.4. Additional Instruments. The Borrower hereby covenants to execute and deliver such additional instruments and to perform such additional acts as may be necessary, in the opinion of the Authority, to carry out the intent of the Loan Documents or to perfect or give further assurances of any of the rights granted or provided for in the Loan Documents and the Notes; provided, however, that no such instruments or acts shall change the economic terms of the transactions described herein or expand the liability of the parties hereunder.

Section 6.5. Books and Records. The Borrower hereby covenants to permit the Authority, the Trustee and the Bondowner or their duly authorized representatives access during normal business hours to the books and records of the Borrower pertaining to the Loan and the Project, and to make such books and records available for audit and inspection, at reasonable times and under reasonable conditions to the Authority, the Bondowner, the Trustee and their duly authorized representatives and at the sole expense of the Borrower.

Section 6.6. Notice of Certain Events. The Borrower hereby covenants to advise the Authority and the Bondowner promptly in writing of the occurrence of any Event of Default hereunder or any event which, with the passage of time or service of notice, or both, would constitute an Event of Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. In addition, the Borrower hereby covenants to advise the Authority and the Bondowner promptly in writing of the occurrence of any Act of Bankruptcy.

Section 6.7. Indemnification of the Authority and Trustee. The Borrower agrees to indemnify the Authority and the Trustee as provided in Section 7 of the Regulatory Agreement. The rights of any persons to indemnity thereunder and rights to payment of fees and reimbursement of expenses pursuant to Sections 5.1 and 7.4 hereof shall survive the final payment or defeasance of the Bonds and in the case of the Trustee any resignation or removal. The provisions of this Section 6.7 shall survive the termination of this Loan Agreement.

Section 6.8. Consent to Assignment. The Authority has made an assignment under the Indenture of all rights and interest of the Authority in and to this Loan Agreement (except its Reserved Rights), the Notes, the Deed of Trust and the other Loan Documents and the Trustee is authorized to collect the payments by the Borrower on the Loan; and the Borrower hereby consents to all such assignments and such appointment.

Section 6.9. Compliance with Usury Laws. Notwithstanding any other provision of this Loan Agreement, it is agreed and understood that in no event shall this Loan Agreement, with respect to the Notes or other instrument of indebtedness, be construed as requiring the Borrower or any other person to pay interest and other costs or considerations that constitute interest under any applicable law which are contracted for, charged or received pursuant to this Loan Agreement in an amount in excess of the maximum amount of interest allowed under any applicable law.

In the event of any acceleration of the payment of the principal amount of the Notes or other evidence of indebtedness, that portion of any interest payment in excess of the maximum legal rate of interest, if any, provided for in this Loan Agreement or related documents shall be cancelled automatically as of the date of such acceleration, or if theretofore paid, credited to the principal amount.

The provisions of this Section 6.9 prevail over any other provision of this Loan Agreement.

Section 6.10. Title to the Project Site. The Borrower shall concurrently with the closing of the Loan have leasehold title to the Project site free and clear of any lien or encumbrance except for (i) liens for non-delinquent assessments and taxes not yet due; (ii) the Deed of Trust; (iii) the Regulatory Agreement; and (iv) any other encumbrances approved in writing by the Bondowner. Concurrently with the closing of the Loan, the Borrower shall cause to be delivered to the Bondowner one or more title policies, naming the Bondowner as the insured, as its interests may appear, with endorsements specified in the Bondowner's escrow instructions.

Section 6.11. Payment of Taxes. The Borrower has filed or caused to be filed all federal, state and local tax returns or information returns which are required to be filed with respect to the Project and of which Borrower has knowledge, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due and payable.

Section 6.12. No Untrue Statements. Neither this Loan Agreement nor any other document, certificate or statement furnished to the Authority, the Trustee or the Bondowner by or on behalf of the Borrower, contains to the best of the Borrower's knowledge any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading or incomplete as of the date hereof. It is specifically understood by Borrower that all such statements, representations and warranties shall be deemed to have been relied upon by the Authority as an inducement to make the Loan, and by the Bondowner as an inducement to buy the Bonds, and that if any such statements,

representations and warranties were materially incorrect at the time they were made, the Authority may consider any such misrepresentation or breach an Event of Default.

Section 6.13. Insurance. The Borrower shall provide policies of property damage (fire, extended coverage, vandalism and malicious mischief), loss of rent, public liability and worker's compensation insurance with respect to the Project and the operation thereof required under the Deed of Trust and the Construction Loan Agreement.

Section 6.14. Tax Exempt Status of the Bonds. The Borrower represents, warrants and covenants that:

(a) *Qualified Residential Rental Project Exempt Facility Bonds*. The Borrower shall assure that the proceeds of the Tax-Exempt Bonds are used in a manner such that the Tax-Exempt Bonds will satisfy the requirements of section 142(d) of the Code relating to qualified residential rental projects.

(b) *Federal Guarantee Prohibition*. The Borrower shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Tax-Exempt Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(c) *Rebate Requirement*. The Borrower shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Tax-Exempt Bonds.

(d) *No Arbitrage*. The Borrower shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Tax-Exempt Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(e) *Maintenance of Tax-Exemption*. The Borrower shall take all actions necessary to assure the exclusion of interest on the Tax-Exempt Bonds from the gross income of the owners of the Tax-Exempt Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Tax-Exempt Bonds.

(f) *Private Activity Volume Cap*. The Tax-Exempt Bonds upon issuance and delivery shall be considered "private activity bonds" within the meaning of the Code with respect to which the California Debt Limit Allocation Committee has transferred a portion of the State of California's private activity bond allocation (within the meaning of section 146 of the Code) equal to the principal amount of the Tax-Exempt Bonds.

(g) *Limitation on Issuance Costs*. The Borrower covenants that, from the proceeds of the Tax-Exempt Bonds and investment earnings thereon, an amount not in excess of exceed two percent (2%) of the proceeds of the Tax-Exempt Bonds, will be used for costs of issuance of the Tax-Exempt Bonds, all within the meaning of section 147(g)(1) of the Code. For this purpose, if the fees of the initial Bondowner are retained as a discount on the purchase of the Tax-Exempt Bonds, such retention shall be deemed to be an expenditure of Proceeds of the Tax-Exempt Bonds for said fees.

(h) *Limitation of Expenditure of Proceeds.* The Borrower covenants that not less than 95 percent of the net proceeds of the Tax-Exempt Bonds (within the meaning of section 150(a)(3) of the Code) are paid for Qualified Project Costs.

(i) *Limitation on Land.* The Borrower covenants that less than twenty-five percent (25%) of the proceeds of the Tax-Exempt Bonds shall be used, directly or indirectly, for the acquisition of land.

(j) *Existing Facilities Limit.* The Borrower covenants that no proceeds of the Tax-Exempt Bonds shall be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in section 145(d) of the Code) with respect to such building equal or exceed 15 percent of the portion of the cost of acquiring such building (and equipment) financed with Proceeds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if rehabilitation expenditures with respect to such structure equal or exceed 100 percent of the portion of the cost of acquiring such structure financed with the proceeds of the Tax-Exempt Bonds.

(k) *Certain Uses Prohibited.* The Borrower covenants that no proceeds of the Tax-Exempt Bonds shall be used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Bonds shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

(l) *Income Targeting.* The Borrower hereby elects to have the Project meet the requirements of section 142(d)(1)(B) of the Code in that forty percent (40%) or more of the residential units in the Project shall be occupied by persons or families whose Adjusted Income (as defined in the Regulatory Agreement) is sixty percent (60%) or less of Median Income for the Area (as defined in the Regulatory Agreement), adjusted for household size.

(m) *Regulatory Agreement.* The Borrower shall comply with the Regulatory Agreement. The Borrower agrees to cause any amendments to any Regulatory Agreement to be recorded in the appropriate official public records of the County.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default. The occurrence of any one or more of the following events or conditions shall constitute an "Event of Default" under this Loan Agreement:

(a) Any failure by the Borrower to pay any amounts required to be paid on the Notes when due;

(b) Any failure by the Borrower to pay as and when due and payable any other sums required to be paid by the Borrower under this Loan Agreement and the

continuation of such failure for a period of five (5) days after the same are due after notice from the Trustee; or

(c) Any failure of any representation or warranty made in this Loan Agreement, the Construction Loan Agreement or any requisition requesting disbursement of Loan proceeds to be true and correct; or

(d) Any failure by the Borrower to observe and perform any covenant or agreement on its part to be observed or performed hereunder or under any of the other Loan Documents, other than as referred to in subsections (a) or (b) of this Section 7.1, for a period of thirty (30) days after written notice specifying such breach or failure and requesting that it be remedied, given to the Borrower by the Authority or the Bondowner; provided, however, that in the event such breach or failure be such that it can be corrected but cannot be corrected within said 30-day period, the same shall not constitute an Event of Default hereunder if corrective action is instituted by the Borrower or on behalf of the Borrower within said 30-day period, is diligently pursued to completion thereafter and in any event is cured within 90 days after the initial notice of such failure is given to Borrower (provided, however, that, notwithstanding the foregoing, to the extent that a lesser or greater cure period is set forth in any Loan Document, the foregoing 30-day cure period shall not apply and such lesser or greater cure period shall govern and control with respect to defaults occurring thereunder); or

(e) Any Event of Default (as defined or otherwise set forth in the Indenture or any of the other Loan Documents) shall have occurred and shall remain uncured beyond any applicable cure period provided in the applicable document; or

(f) Any dissolution, termination, partial or complete liquidation, merger or consolidation of Borrower occurs, or any sale, transfer or other disposition of the Project or of all or substantially all of the assets of Borrower occurs; or

(g) Any failure by the Borrower to obtain any governmental approvals as required in order to proceed with the construction of the Project so as to complete the same by the Completion Date (as defined in the Construction Loan Agreement), or the revocation or other invalidation of any such approvals previously obtained; or

(h) Any change in the legal or beneficial ownership of the Borrower other than as expressly permitted by Section 10 of the Regulatory Agreement, by the terms hereof or by reason of the death of the owner of such interests; or

(i) Any failure by the Borrower to pay at maturity, or within any applicable period of grace, any Indebtedness, or any failure to observe or perform any material term, covenant or agreement contained in any agreement by which it is bound, evidencing or securing any Indebtedness, for such period of time as would permit (assuming the giving of appropriate notice if required) the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof; or

(j) The Borrower or any of its general partners (each an "Obligor" and collectively the "Obligors") shall file a voluntary petition in bankruptcy under Title 11 of the United States Code, or an order for relief shall be issued against any such Obligor in any involuntary petition in bankruptcy under Title 11 of the United States Code, or any such Obligor shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself

under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief of debtors, or such Obligor shall seek or consent to or acquiesce in the appointment of any custodian, trustee, receiver, conservator or liquidator of such Obligor, or of all or any substantial part of its respective property, or such Obligor shall make an assignment for the benefit of creditors, or such Obligor shall give notice to any governmental authority or body of insolvency or pending insolvency or suspension of operation; or

(k) An involuntary petition in bankruptcy under Title 11 of the United States Code shall be filed against any Obligor and such petition shall not be dismissed within ninety (90) days of the filing thereof; or

(l) A court of competent jurisdiction shall enter any order, judgment or decree approving a petition filed against any Obligor seeking any reorganization, arrangement, composition, readjustment, liquidation or similar relief under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors, or appointing any custodian, trustee, receiver, conservator or liquidator of all or any substantial part of its property; or

(m) Any of the events described in Section (j) or (k) occurs with respect to the Investor Limited Partner (as defined in the Borrower's partnership agreement) prior to funding by the Investor Limited Partner of all of the capital contributions required in order to permit the timely occurrence of the Maturity Date; or

(n) Any of the Loan Documents shall be canceled, terminated, revoked or rescinded otherwise than in accordance with the terms thereof or with the express prior written consent of the Bondowner (in its sole and absolute discretion), or any action at law, suit in equity or other legal proceeding to cancel, revoke or rescind any of the Loan Documents shall be commenced by or on behalf of any Obligor which is a party thereto, or any of their respective stockholders, partners or beneficiaries, or any court or any other governmental or regulatory authority or agency of competent jurisdiction shall make a determination that, or issue a judgment, order, decree or ruling to the effect that, any one or more of the Loan Documents is illegal, invalid or unenforceable in accordance with the terms thereof.

Section 7.2. Remedies on Default.

(a) Whenever any Event of Default referred to in Section 7.1 hereof shall have occurred, any obligation of the Bondowner to approve further disbursements of the Loan shall be terminated, and the Bondowner shall have the right (but not the obligation) to exercise any one and/or more of the following rights and remedies:

(i) by notice in writing to the Borrower, declare the entire unpaid indebtedness under the Notes and the other Loan Documents to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable; and

(ii) take whatever action at law or in equity or under any of the Loan Documents, as may appear necessary or desirable to Bondowner to collect the payments and other amounts then due and thereafter to become due hereunder or under the Notes, and/or to exercise any right or remedy or to enforce performance and observance of any

obligation, agreement or covenant of the Borrower under this Loan Agreement, the Notes or any other Loan Document.

(b) Any amounts collected pursuant to action taken under this Section 7.2 (other than amounts collected by the Authority pursuant to the Reserved Rights) shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Authority, the Trustee or the Bondowner and their respective counsel, be paid into the Bond Fund (unless otherwise provided in this Loan Agreement) and applied in accordance with the provisions of the Indenture. No action taken pursuant to this Section 7.2 shall relieve the Borrower from the Borrower's obligations pursuant to Section 6.14 hereof.

Section 7.3. No Remedy Exclusive. No remedy conferred herein or in any other Loan Document upon or reserved to the Authority or Bondowner is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement and each other Loan Document, or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Bondowner to exercise any remedy reserved to it herein or in any other Loan Document, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 7.4. Attorneys' Fees and Expenses. If an Event of Default occurs and if the Authority, the Trustee or the Bondowner should employ attorneys or incur expenses for the enforcement of any obligation or agreement of the Borrower contained herein, the Borrower on demand will pay to the Authority, the Trustee and/or the Bondowner the reasonable fees of such attorneys and the reasonable expenses so incurred, including court appeals.

Section 7.5. Authority Exercise of Remedies. Notwithstanding anything to the contrary contained herein, Bondowner shall have the sole and exclusive right to exercise, and direct the exercise of, all rights and remedies available to Authority, the Trustee or Bondowner; provided, however, that the Authority may enforce its Reserved Rights under the Loan Documents and exercise the permitted remedies with respect thereto against the Borrower; provided that the Authority shall not commence or direct the Trustee or the Bondowner to commence any action (a) to declare the outstanding balance of the Bonds or the Loan to be due, (b) to foreclose or to take similar action under the Deed of Trust or otherwise in respect of any liens upon or security interests in the Project or other property pledged to secure the Borrower's obligations under the Loan Documents, (c) to appoint a receiver, (d) to enforce any similar remedy against the Project or other property pledged to secure the Borrower's obligations under the Loan Documents; or (e) to enforce any other remedy which would cause any liens or security interests granted under the Loan Documents to be discharged or materially impaired thereby.

Section 7.6. No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Loan Agreement should be breached by the Borrower and thereafter waived by the Authority or the Bondowner, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder including any other breach of the same agreement or covenant.

Section 7.7 Limited Partner Cure Right. Notwithstanding anything contained in this Article VII to the contrary, the Authority agrees that any cure of any default made or tendered by

the limited partner of the Borrower shall be deemed to be a cure by the Owner and shall be accepted or rejected on the same basis as if made or tendered by the Owner.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Entire Agreement. This Loan Agreement, the Construction Loan Agreement, the Notes, the Regulatory Agreement, the Deed of Trust and the other Loan Documents constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between the Authority and the Borrower with respect to the subject matter hereof.

Section 8.2. Notices. All notices, certificates or other communications by the Borrower or the Trustee under this Loan Agreement shall be provided at the address and as otherwise set forth in Section 11.06 of the Indenture. Copies of all notices that are sent by the Trustee (as assignee of the Authority under the Indenture) to the Borrower hereunder or under any of the Loan Documents shall also be sent to the Investor Limited Partner.

Section 8.3. Assignments. This Loan Agreement may not be assigned by any party without the prior written consent of the other, except that the Authority shall assign its rights under this Loan Agreement pursuant to the Indenture, and except also that the Borrower may assign to any transferee its rights under this Loan Agreement as provided by Section 6.2.

Section 8.4. Severability. If any provision of this Loan Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 8.5. Execution of Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.6. Amendments, Changes and Modifications. Except as otherwise provided in this Loan Agreement, subsequent to the issuance of the Notes and prior to its payment in full (or provision for payment thereof having been made in accordance with the provisions of the Indenture), this Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the parties hereto and the written consent of the Bondowner.

Section 8.7. Governing Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the laws of the State applicable to contracts made and performed in the State.

Section 8.8. Term of Agreement. This Loan Agreement shall be in full force and effect from the date of execution and delivery hereof by the Authority and the Borrower until such time as the Notes shall have been fully paid or provision made for such payment. Time is of the essence in this Loan Agreement.

Section 8.9. Survival of Agreement. All agreements, representations and warranties made herein shall survive the making of the Loan.

Section 8.10. Conflicts. If any term or condition of this Loan Agreement conflicts with any term or condition of any other Loan Document, the term or condition which imposes any greater or stricter duties or obligations upon Borrower, or grants or affords Authority or Bondowner any greater rights or remedies, shall prevail.

Section 8.11. Binding Effect; Third Party Beneficiaries. This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority, the Borrower and their respective successors and assigns. The Bondowner and the Trustee are intended third party beneficiaries of this Loan Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement, all as of the date first above written.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By: _____

Richard C. Gentry
Executive Director

ATTEST:

By: _____

Scott Marshall
Deputy Secretary

[Signature Page to Loan Agreement – Levant Senior Cottages]

LEVANT SENIOR COTTAGES LP,
a California limited partnership

By: Wakeland Levant LLC,
a California limited liability Company,
its Managing General Partner

By: Wakeland Housing and
Development Corporation,
a California nonprofit public benefit
corporation
its Manager

By: _____
Name: Peter Armstrong
Title: Vice President

By: San Diego Kind Corporation,
a California nonprofit public benefit
corporation,
its Administrative General Partner

By: _____
Name: E. Percil Stanford, PhD.
Title: President

[Signature Page to Loan Agreement – Levant Senior Cottages]

**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:**
Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Josh D. Anzel, Esq.

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

By and Between

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

and

LEVANT SENIOR COTTAGES LP,

Dated as of [____] 1, 2022

Relating to:

**\$22,877,000
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Levant Senior Cottages)
Series 2022D-1**

**[\$D-2 Amount]
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Levant Senior Cottages)
Series 2022D-2 (Taxable)**

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APPENDIX F - CDLAC COMPLETION CERTIFICATE

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this "**Regulatory Agreement**"), dated as of [____] 1, 2022, by and between the Housing Authority of the City of San Diego, a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California (together with any successor to its rights, duties and obligations, the "**Authority**") and Levant Senior Cottages LP, a California limited partnership (the "**Borrower**").

WITNESSETH

WHEREAS, the Authority is a California housing authority acting under the Housing Authorities Law, Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (the "**Act**"); and

WHEREAS, pursuant to the Act, the Authority is authorized to issue bonds or notes to finance the acquisition, construction and equipping of multifamily rental housing for families and individuals of low income and very low income within the City of San Diego, California (the "**City**"); and

WHEREAS, the Authority is a political subdivision (within the meaning of that term in the Regulations of the Department of Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "**Code**")); and

WHEREAS, on May 24, 2022, the legislative body of the Authority adopted a resolution (the "**Resolution**") authorizing the issuance of revenue bonds in connection with financing the acquisition, construction, and equipping of a 127-unit (including an unrestricted manager's unit) multifamily rental housing project located in the City; and

WHEREAS, in furtherance of the purposes of the Act and the Resolution and as a part of the Authority's plan of financing residential rental housing, the Authority has issued its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Levant Senior Cottages) Series 2022D-1 in the aggregate principal amount of \$22,877,000 (the "**Tax-Exempt Bonds**") and its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Levant Senior Cottages) Series 2022D-2 (Taxable) in the aggregate principal amount of \$[D-2 Amount] (the "**Taxable Bonds**"), and together with the Tax-Exempt Bonds, the "**Bonds**") to JP Morgan Chase Bank, N.A., whose proceeds will be used to make a loan to the Borrower (the "**Loan**") to enable the Borrower to finance the acquisition, construction and equipping of the Project (as defined herein) for the public purpose of providing decent, safe and sanitary housing for families and individuals of low income and very low income; and

WHEREAS, the Authority and the Borrower have entered into a Loan Agreement (as defined herein), providing the terms and conditions under which the Authority will make the Loan to the Borrower to finance the acquisition, construction and equipping of the Project; and

WHEREAS, all things necessary to make the Bonds, when issued as provided in the Indenture, the valid, binding, and limited obligations of the Authority according to the import

thereof, and to constitute the Indenture a valid assignment of the amounts pledged to the payment of the principal of, and premium, if any, and interest on the Bonds, have been done and performed, and the creation, execution, and delivery of the Indenture, and the execution and issuance of the Bonds, subject to the terms thereof, in all respects have been duly authorized; and

WHEREAS, the Authority has obtained an allocation for the Project of a portion of the State of California's private activity bond volume cap, within the meaning of Section 146 of the Code, in accordance with the procedures established by the California Debt Limit Allocation Committee ("CDLAC"); and

WHEREAS, the Code and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Project be restricted in certain respects, and in order to ensure that the Project will be owned and operated in accordance with the Code and the Act, the Authority and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction, equipping and operation of the Project.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Authority and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. The following terms shall have the respective meanings assigned to them in this Section 1, unless the context in which they are used clearly requires otherwise:

"Adjusted Income" means the adjusted income of all persons who intend to reside in one residential unit, calculated in the manner determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code.

"Affiliate" means (1) a Person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (2) a Person who together with the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein), (3) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or (4) an S Corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

"Area" means the San Diego County, California, Primary Metropolitan Statistical Area.

"Authority Fee" means (i) the administrative fee of the Authority payable on the Closing Date in the amount of \$[_____] and the ongoing administrative fee payable every 12 months, commencing [_____] 1, 2023, in the amount of \$[_____] until the Conversion Date and, on the first [_____] 1 following the Conversion Date and thereafter, the ongoing administrative fee payable every 12 months in an amount equal to 0.125% of the outstanding principal amount of the Bonds on the Conversion Date, provided, however, that the ongoing administrative fee shall in no event be less than \$10,000.00; and (ii) an annual occupancy monitoring fee, separately from, and in addition to, the annual ongoing administrative fee referred to in clause (i) of this definition, to the San Diego Housing Commission (the "**Commission**"), for the total number of units monitored by the Commission. The annual occupancy monitoring fee described in clause

(ii) of this definition is subject to annual adjustment. The Borrower agrees to pay the Commission, an initial occupancy monitoring fee in the amount set forth in schedules promulgated by Commission from time to time.

“Bondowner” has the meaning given to it in the Indenture.

“Bonds” has the meaning given to it in the recitals hereto.

“Borrower’s Tax Certificate” means the Certificate Regarding Use of Proceeds, dated as of the Closing Date, with respect to certain Project Costs, executed by the Borrower delivered to the Authority by the Borrower.

“CDLAC” has the meaning given to it in the recitals hereto.

“CDLAC Resolution” means Resolution No. 21-233 adopted by CDLAC on December 8, 2021, awarding an allocation of \$22,877,000 for the Project and the Tax-Exempt Bonds, as such resolution has been and may be modified or amended from time to time.

“Certificate of Continuing Program Compliance” means the certificate with respect to the Project to be filed by the Borrower with the Authority, which shall be substantially in the form attached hereto as Appendix B.

“Closing Date” means the date of delivery of the Bonds.

“Code” has the meaning given to it in the recitals hereto.

“Construction Loan Agreement” has the meaning given to it in the Indenture.

“Conversion Date” has the meaning given to it in the Construction Loan Agreement.

“Deed of Trust” has the meaning given to it in the Indenture.

“Event of Default” has the meaning given to it in Section 15 hereof.

“Income Certification” means the Income Computation and Certification Form in substantially the form attached hereto as Appendix C.

“Indenture” means the Indenture of Trust, dated as of [____] 1, 2022, by and between the Authority and Trustee, pursuant to which the Bonds have been issued, as amended or supplemented from time to time.

“Inducement Date” means July 16, 2021, with respect to the Authority’s declaration of intent to issue tax-exempt multifamily housing revenue bonds in an aggregate principal amount not to exceed \$35,000,000 in connection with the Project.

“Investor Limited Partner” has the meaning given to it under Section 10 hereof.

“Loan” has the meaning given to it in the recitals hereto.

"Loan Agreement" means the Loan Agreement, dated as of [] 1, 2022, by and between the Authority and the Borrower, as amended, supplemented or restated from time to time.

"Low Income Tenants" means individuals or families with an Adjusted Income that does not exceed 60% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) defines a student as an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	Adjustment
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

"Low Income Units" means the dwelling units in the Project designated for occupancy by Low Income Tenants pursuant to Section 4(a) of this Regulatory Agreement.

"Median Income for the Area" means the median gross income for the Area as most recently determined by the Secretary of Treasury pursuant to Section 142(d)(2)(B) of the Code.

"Project" means the Project Facilities and the Project Site.

"Project Costs" mean to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, construction and equipping of the Project, whether paid or incurred prior to or after the 60th day preceding the Inducement Date, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the costs of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Bond Counsel.

"Project Facilities" mean the buildings, structures and other improvements on the Project Site that are being financed with proceeds of the Bonds, and all fixtures and other property owned

by the Borrower and located on, or used in connection with, such buildings, structures and other improvements.

“Project Site” means the parcel or parcels of real property described in Appendix A, which is attached hereto and by this reference incorporated herein, and all rights and appurtenances thereunto appertaining.

“Qualified Project Costs” means costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to a capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with Regulations Section 1.103-8(a)(1), provided, however, that only such portion of interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (within the meaning of the Code) (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliate in constructing or rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliate, and (C) any overhead expenses incurred by the Affiliate that are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the Inducement Date or the date of issue of the Bonds, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Bonds such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of Regulations Section 1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of construction of the Project that do not exceed 20% of the aggregate issue price of the Bonds (as defined in Regulations Section 1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid).

“Qualified Project Period” means the period beginning on the first day on which at least 10% of the dwelling units in the Project are first occupied and ending on the later of (a) the date that is 55 years after the date on which 50% of the dwelling units in the Project are occupied, (b) the first day on which no tax exempt bonds or notes with respect to the Project are Outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.

“Regulations” means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time.

“Special Limited Partner” has the meaning given to it under Section 10 hereof.

“Taxable Bonds” has the meaning given to it in the recitals hereto.

“Tax-Exempt Bonds” has the meaning given to it in the recitals hereto.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Tax-Exempt Bonds, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“Trustee” means U.S. Bank Trust Company, National Association.

“Very Low Income Tenants” means individuals or families with an Adjusted Income that does not exceed 50% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Very Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) defines a student as an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	Adjustment
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

“Very Low Income Units” means the dwelling units in the Project designated for occupancy by Very Low Income Tenants pursuant to Section 4(j) of this Regulatory Agreement.

Capitalized terms that are not defined herein shall have the meanings assigned to them in the Indenture.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any

contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2. Acquisition, Construction and Equipping of the Project. The Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Borrower has incurred a substantial binding obligation to acquire, construct and equip the Project, pursuant to which the Borrower is obligated to expend at least 5% of the aggregate net sale proceeds of the Tax-Exempt Bonds.

(b) The Borrower's reasonable expectations respecting the total cost of the acquisition, construction and equipping of the Project and the disbursement of Tax-Exempt Bond proceeds are accurately set forth in the Borrower's Use of Proceeds Certificate that has been delivered to the Authority.

(c) The Borrower will proceed with due diligence to complete the acquisition, construction and equipping of the Project and expects to expend the full amount of the proceeds of the Tax-Exempt Loan for Project Costs prior to the date that is three years after the Closing Date.

(d) The statements made in the various certificates delivered by the Borrower to the Authority or Bondowner are true and correct as of the Closing Date.

(e) The Borrower (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to the requirements of the Indenture, the Loan Agreement or this Regulatory Agreement.

(f) The Borrower shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including, if applicable, the requirements for providing notices in Sections (b), (c), (d) and (e) thereof.

Section 3. Residential Rental Property. The Borrower hereby acknowledges and agrees that the Project will be owned, managed and operated as a "qualified residential rental project" (within the meaning of Section 142(d) of the Code) until the expiration of the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Project is being acquired, constructed and equipped for the purpose of providing multifamily residential rental property, and the Borrower shall own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project will be similarly constructed units, and, to the extent required by the Code and the Regulations, each dwelling unit in the Project will contain

complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink; provided that any tenant may, but shall not be obligated to, provide a refrigerator for the unit to be occupied.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park; provided that the use of certain units for tenant guests on an intermittent non-compensated basis shall not be considered transient use for purposes of this Regulatory Agreement.

(d) No part of the Project will at any time be owned or used as a condominium or by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Department of Real Estate, the Borrower has not and shall not take any steps in connection with a conversion of the Project to a condominium or cooperative ownership except with the prior written approving opinion of Bond Counsel that by reason of any such action the interest on the Tax-Exempt Bonds (if it is outstanding) will not become includable in gross income for federal income tax purposes.

(e) All of the dwelling units (except for the manager's unit described in (g) below) will be available for rental on a continuous basis to members of the general public, and the Borrower has not and will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required to be leased or rented to senior persons that are Low Income Tenants, Very Low Income Tenants, holders of Section 8 certificates or vouchers, or persons with special needs.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities will comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in any building in the Project shall be occupied by the Borrower unless the building contains five or more dwelling units, in which case one unit may be occupied by the Borrower or by persons related to or affiliated with the Borrower such as a resident manager or maintenance personnel. Subject to the foregoing limitation, up to a total of one unit in the Project may be occupied by a resident manager or maintenance personnel.

(h) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the Regulations, it will either prepay the Tax-Exempt Loan and cause the Tax-Exempt Bonds to be redeemed or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

(i) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, sexual preference, source of income (e.g. TANF, SSI), mental or physical disability, age (except as provided in (e) above), national origin or marital status in the

rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(j) Following the expiration or termination of the Qualified Project Period, Low Income Units and Very Low Income Units shall remain available to the Low Income Tenants and Very Low Income Tenants, respectively, then occupying such units at the date of expiration or termination of the Qualified Project Period at a rent not greater than the rent determined pursuant to Sections 4(a) and 4(j) below, as applicable, until the earliest of any of the following occurs:

(i) The household's income exceeds 140% of the income at which such household would qualify as a Low Income Tenant or a Very Low Income Tenant.

(ii) The household voluntarily moves or is evicted for "good cause." For these purposes, "good cause" means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the lease agreement that detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project.

(iii) Fifty-five (55) years after the Closing Date.

(iv) The Borrower pays the relocation assistance and benefits to such Low Income Tenants or Very Low Income Tenants, as provided in Section 7264(b) of the Government Code of the State of California.

(k) The Authority may but shall not be required to monitor the Borrower's compliance with the provisions of subparagraph (j) above.

Section 4. Low Income Units. Pursuant to the requirements of Section 142(d) of the Code and applicable provisions of the Act, the Borrower hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:

(a) During the Qualified Project Period, not less than 40% of the units in the Project shall be designated as Low Income Units and shall be continuously occupied by or held available for occupancy by Low Income Tenants at monthly rents that do not exceed one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income for the Area, as adjusted for household size utilizing the percentages set forth above under the definition of Low Income Tenant less a reasonable deduction for utilities paid by the tenant as determined by the Authority and assuming (solely for purposes of the above-described limit on the amount of monthly rent, and not for purposes of determining whether individuals or families are Low Income Tenants for purposes of Section 142(d) of the Code) the following unit sizes and household sizes (collectively, the "**Assumed Unit and Household Sizes**"):

Unit Size	Household Size
Studio	One Person
One-Bedroom	Two Persons

Such Low Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units that are available to other tenants and shall be distributed throughout the Project.

A unit occupied by a Low Income Tenant who, at the commencement of the occupancy, is a Low Income Tenant shall be treated as occupied by a Low Income Tenant until a recertification of such tenant's income in accordance with Section 4(c) below demonstrates that such tenant no longer qualifies as a Low Income Tenant and thereafter such unit shall be treated as any residential unit of comparable or smaller size in the Project occupied by a new resident other than a Low Income Tenant. Moreover, a unit previously occupied by a Low Income Tenant and then vacated shall be considered occupied by a Low Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be re-determined. In no event shall such temporary period exceed thirty-one (31) days.

(b) Immediately prior to a Low Income Tenant's occupancy of a Low Income Unit, the Borrower will obtain and maintain on file an Income Certification from each Low Income Tenant occupying a Low Income Unit, dated immediately prior to the initial occupancy of such Low Income Tenant in the Project. In addition, the Borrower will provide such further information as may be required in the future by the State of California, the Authority, the Act, Section 142(d) of the Code and the Regulations, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. The Borrower shall verify that the income provided by an applicant is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a federal income tax return for the most recent tax year, (2) obtain a written verification of income and employment from the applicant's current employer, (3) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income satisfactory to the Authority or (4) such other information as may be reasonably requested by the Authority.

Copies of the most recent Income Certifications for Low Income Tenants shall be attached to the annual report to be filed with the Authority as required in (d) below.

(c) Immediately prior to the first anniversary date of the occupancy of a Low Income Unit by one or more Low Income Tenants, and on each anniversary date thereafter, the Borrower shall recertify the income of the occupants of each Low Income Unit by obtaining a completed Income Certification based upon the current income of each occupant of the unit. In the event the recertification demonstrates that such household's income exceeds 140% of the income at which such household would qualify as Low Income Tenants, such household will no longer qualify as Low Income Tenants and, to the extent necessary to comply with the requirements of Section 4(a) above, the Borrower will rent the next available unit of comparable or smaller size to one or more Low Income Tenants.

(d) Upon commencement of the Qualified Project Period, and not less than annually thereafter during the term of this Regulatory Agreement, the Borrower shall advise the Authority of the status of the occupancy of the Project by delivering to the Authority a Certificate of Continuing Program Compliance.

(e) The Borrower shall maintain complete and accurate records pertaining to the Low Income Units, and shall permit any duly authorized representative of the Authority, Bondowner, Department of the Treasury or Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(f) The Borrower shall submit to the Secretary of the Treasury annually on the anniversary date of the start of the Qualified Project Period, or such other date as is required by the Secretary, a certification that the Project continues to meet the requirements of Section 142(d) of the Code, and shall provide a copy of such certification to the Authority.

(g) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. The Borrower shall not collect any additional fees or payments from a Low Income Tenant except security deposits or other deposits required of all tenants. The Borrower shall not collect security deposits or other deposits from a Section 8 certificate or voucher holder in excess of those allowed under the Section 8 Program. The Borrower shall not discriminate against applicants for Low Income Units on the basis of source of income (i.e., TANF or SSI), and the Borrower shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (ability to pay shall be demonstrated if an applicant can show that the same percentage or more of the applicant's income has been paid for rent in the past as will be required to be paid for the rent applicable to the Low Income Unit to be occupied, provided that such Low Income Tenant's expenses have not materially increased).

(h) Each lease pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the applicant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease will also contain a provision that failure to cooperate with the annual recertification process reasonably instituted by the Borrower pursuant to Section 4(c) above may, at the option of the Borrower, disqualify the unit as a Low Income Unit, or provide grounds for termination of the lease.

(i) Prior to the Closing Date, the Borrower agrees to provide to the Authority a copy of the form of application and lease to be provided to prospective Low Income Tenants. The term of the lease shall be not less than 30 days.

(j) In addition to the requirements set forth in Section 4(a), the Authority shall require that not less than 13 of the units in the Project shall be Very Low Income Units and shall be rented to, or made available for rental to, Very Low Income Tenants on the same terms and conditions, and subject to the same requirements, as are set forth in this Section 4 with respect to the Low Income Units, except that monthly rents shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area, adjusted as provided in Section 4(a) above.

Section 5. Tax Status of the Bonds. The Borrower and the Authority each hereby represents, as of the date hereof, and warrants, covenants and agrees that:

(a) It will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes or the exemption from California personal income taxation of the interest on the Tax-Exempt Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof;

(b) It will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Authority and Bondowner, to comply fully with the Act and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 142(d) of the Code to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds; and

(c) The Borrower, at the Borrower's expense, will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Authority and Bondowner, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of San Diego.

(d) The Borrower will not enter into any agreements that would result in the payment of principal of or interest on the Tax-Exempt Bonds being "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) The Borrower hereby reaffirms the arbitrage certifications made by it in the Certificate as to Arbitrage executed in connection with the Tax-Exempt Bonds, and such certifications are hereby incorporated herein as covenants of the Borrower by this reference.

(f) The Borrower hereby agrees to comply with the requirements of Section 148(f) of the Code and to rebate excess investment earnings to the federal government.

(g) The Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

(h) The Borrower shall assure that the proceeds of the Tax-Exempt Bonds are used in a manner such that the Tax-Exempt Bonds will satisfy the requirements of section 142(d) of the Code relating to qualified residential rental projects.

(i) The Tax-Exempt Bonds upon issuance and delivery shall be considered "private activity bonds" within the meaning of the Code with respect to which CDLAC has transferred a portion of the State of California's private activity bond allocation (within the meaning of section 146 of the Code) equal to the principal amount of the Tax-Exempt Bonds.

(j) The Authority and the Borrower covenant that not less than 95% of the net proceeds of the Tax-Exempt Bonds (within the meaning of section 150(a)(3) of the Code) will be paid for Qualified Project Costs.

(k) The Authority and the Borrower covenant that less than 25% of the proceeds of the Tax-Exempt Bonds shall be used, directly or indirectly, for the acquisition of land.

(l) The Authority and the Borrower covenant that no proceeds of the Tax-Exempt Bonds shall be used directly or indirectly to provide any airplane, skybox or other private luxury

box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Tax-Exempt Bonds shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

(m) The Borrower shall not take, or permit or suffer to be taken by the Bondowner, Trustee or otherwise, any action with respect to the proceeds of the Tax-Exempt Bonds that, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(n) In accordance with Section 147(b) of the Code, the average maturity of the Tax-Exempt Bonds does not exceed 120% of the average reasonably expected economic life of the facilities being financed by the Tax-Exempt Bonds.

(o) The Authority and the Borrower covenant that, from the proceeds of the Tax-Exempt Bonds and investment earnings thereon, an amount not in excess of two percent (2%) of the proceeds of the Tax-Exempt Bonds, will be used for costs of issuance of the Tax-Exempt Bonds, all within the meaning of section 147(g)(1) of the Code. For this purpose, if the fees of the Agent and the Holder are retained as a discount on the purchase of the Tax-Exempt Bonds, such retention shall be deemed to be an expenditure of proceeds of the Tax-Exempt Bonds for said fees.

(p) The proceeds of the Tax-Exempt Bonds will be allocated to expenses actually paid with proceeds of the Tax-Exempt Bonds unless, prior to the date that is the later of 18 months (i) after the expenditure is paid, or (ii) after the Project financed with proceeds of the Tax-Exempt Bonds is placed in service, the Borrower makes a different allocation of such expenditures to different contemporaneous purposes. In any event, such alternative allocation must occur no later than 60 days after the fifth anniversary of the Closing Date (or 60 days after the retirement of the Tax-Exempt Bonds if earlier).

(q) The Authority and the Borrower covenant that no proceeds of the Tax-Exempt Bonds shall be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in section 147(d)(3) of the Code, "**Rehabilitation Expenses**") with respect to such building equal or exceed 15% of the portion of the cost of acquiring such building (and equipment) financed with proceeds of the Tax-Exempt Bonds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if Rehabilitation Expenditures with respect to such structure equal or exceed 100% of the portion of the cost of acquiring such structure financed with the proceeds of the Tax-Exempt Bonds. In compliance with this provision, within two years after the later of the date of the Borrower's acquisition of the Project or the date of the issuance of the Tax-Exempt Bonds, the Borrower will make Rehabilitation Expenditures in an amount equal to or greater than 15% of the amount of proceeds of the Tax-Exempt Bonds used to acquire any existing buildings and related equipment which are part of the Project.

(r) The Borrower covenants that neither it nor any related party (as used in Section 1.148-1(b) of the Regulations) shall acquire any of the Tax-Exempt Bonds so long as the Borrower is the obligor on the Tax-Exempt Bonds.

(s) If a reissuance of the Tax-Exempt Bonds occurs and the Authority is not involved, for example by consenting to any changes in the documents or actions of the parties and executing an IRS Form 8038, the interest on the reissued obligations will not be excluded from gross income for federal income tax purposes and may not be treated as governmental obligations.

The Borrower hereby covenants to notify any subsequent owner of the Project of the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided that the covenants contained in this paragraph shall not apply to the Bondowner or its designee should the Bondowner or its designee become the owner of the Project by foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan Documents.

Section 6. Modification of Special Tax Covenants. The Borrower and the Authority hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Authority and Bondowner, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement that must be complied with in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Authority, Trustee and Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment approved and signed by the Authority and Borrower, approved by the Bondowner, and approved by the written opinion of Bond Counsel that such amendment will not affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

(c) The Borrower and the Authority shall execute, deliver and, if applicable, file of record any and all documents and instruments, necessary to effectuate the intent of this Section 6, and the Borrower appoints the Authority as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the Borrower defaults in the performance of its obligations under this subsection (c); provided, however, that the Authority shall take no action under this subsection (c) without first notifying the Borrower and the Bondowner.

Section 7. Indemnification. The Borrower hereby releases the Authority, Bondowner and Trustee and their respective officers and employees from, and covenants and agrees to indemnify, hold harmless and defend the Authority, Bondowner and Trustee and their respective officers, members, directors, officials, agents and employees and each of them (collectively, the "**Indemnified Parties**" and individually, an "**Indemnified Party**") from and against, any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and

liabilities of whatever nature, joint or several (including, without limitation, actual and reasonable out-of-pocket costs of investigation, reasonable attorneys' fees, actual out-of-pocket litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), made directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, Bonds, or execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Project, the making of the Loan or otherwise; (c) arising from any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Loan or the Project; (d) arising in connection with the issuance and sale, resale or reissuance of the Bonds or any certifications or representations made by any person (other than the Authority or the party seeking indemnification in connection therewith) or the carrying out by the Borrower of any of the transactions contemplated by the Bonds, the Indenture, the Loan Agreement or this Regulatory Agreement; (e) arising in connection with the operation of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, construction or equipping of, the Project or any part thereof; and (f) arising out of or in connection with the Bondowner's or Trustee's exercise of their respective powers or duties under the Loan Agreement, this Regulatory Agreement or the Indenture, as applicable, or any other related agreements to which the Bondowner, or Trustee are a party; except (1) in the case of the foregoing indemnification of the Bondowner or Trustee or any of their respective officers, members, directors, agents and employees, to the extent such damages are caused by the gross negligence or willful misconduct of such person and (2) in the case of the foregoing indemnification of the Authority or any of its officers, members, directors, officials, agents and employees, to the extent such damages are caused by the willful misconduct of such person.

This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses and liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim, except (i) in the case of the foregoing indemnification of the Bondowner or Trustee or any of their respective Indemnified Parties to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party, and (ii) in the case of the foregoing indemnification of the Authority or any of its Indemnified Parties to the extent such damages are caused by the willful misconduct of such Indemnified Party.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party and approved by the Borrower (which approval shall not be unreasonably withheld); and the Borrower shall assume the payment of all actual and reasonable fees and expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Authority shall have the right to review and approve or disapprove any such compromise or settlement. The Borrower specifically acknowledges and agrees that it has an immediate and independent obligation to defend each Indemnified Party from any claim that actually or potentially falls within this Section 7 even if such claim is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to the Borrower by any Indemnified Party and continues at all times thereafter. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the actual and reasonable fees and expenses of such separate counsel; provided, however, that unless such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, the Borrower shall not be required to pay the fees and expenses of such separate counsel unless the Indemnified Party reasonably determines that a conflict exists

between the interests of the Borrower and such Indemnified Party, in which case the Borrower shall pay the actual and reasonable fees and expenses of such separate counsel.

The Borrower also shall pay and discharge and shall indemnify and hold harmless the Authority, Bondowner and Trustee from (i) any lien or charge upon payments by the Borrower to the Authority, Bondowner and Trustee hereunder arising out of Borrower's actions or inactions and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Authority shall give prompt notice to the Borrower, and as between the Authority and Borrower, the Borrower shall have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall remain obligated to indemnify the Indemnified Parties pursuant to this Section 7 for all claims arising from events occurring prior to such transfer, unless at the time of transfer the Authority has consented to indemnification under this Section 7 from such subsequent owner for all claims arising from events occurring prior to such transfer. If the Authority has consented to any transfer of the Project in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall not be obligated to indemnify the Indemnified Parties pursuant to this Section 7 for actions or inactions of the transferee arising after such transfer, but shall remain obligated to provide indemnity for claims related to actions or inactions occurring prior to such transfer.

In addition to the foregoing, the Borrower will pay upon demand all of the fees and expenses paid or incurred by the Bondowner, Trustee or Authority in enforcing the provisions hereof.

The provisions of this Section 7 shall survive the term of the Bonds and this Regulatory Agreement.

The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Indemnified Parties, and the obligation of the Borrower to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower. The Indemnified Parties shall be entitled simultaneously to seek indemnity under this Section and any other provision under which they are entitled to indemnity.

All obligations of the Borrower under this Regulatory Agreement for the payment of money, including claims for indemnification and damages, shall not be secured by or in any manner constitute a lien on the Project, and none of the Authority, the Bondowner or the Trustee shall have the right to enforce such obligations other than directly against the Borrower pursuant to Section 17 of this Regulatory Agreement.

The indemnity provided under this Section 7 shall not require payment of principal or interest on the Loan.

Section 8. Consideration. The Authority has issued the Bonds to make the Loan, to finance the Project, all for the purpose, among others, of inducing the Borrower to acquire, construct, equip and operate the Project. In consideration of the issuance of the Bonds by the

Authority, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Project can be put on the terms and conditions set forth herein.

Section 9. Reliance. The Authority and the Borrower hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, and in the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds and the exemption from California personal income taxation of the interest on the Bonds. In performing its duties and obligations hereunder, the Authority may rely upon statements and certificates of the Borrower, the Low Income Tenants and Very Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Authority may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Authority, Bondowner and Trustee under this Regulatory Agreement in good faith and in conformity with such opinion; provided, however, if there are conflicting opinions among the counsel selected by such parties, the opinion of Bond Counsel shall govern the interpretation and enforcement of this Regulatory Agreement.

Section 10. Sale or Transfer of the Project; Syndication. The Borrower intends to hold the Project for its own account, has no current plans to sell, transfer or otherwise dispose of the Project, and hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder), without obtaining the prior written consent of the Authority (except as provided in the next succeeding paragraph) and receipt by the Authority (except as provided in the next succeeding paragraph) of (i) such certifications as deemed necessary by the Authority to establish that the Borrower shall not be in default under this Regulatory Agreement or under the Loan Agreement or, if any such defaults exist, the purchaser or assignee undertakes to cure such defaults to the satisfaction of the Authority; (ii) a written instrument by which the Borrower's purchaser or transferee has assumed in writing and in full the Borrower's duties and obligations under this Regulatory Agreement, (iii) an opinion of counsel for the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iv) documentation from the transferee reflecting the transferee's experience or, should the transferee choose to have a property manager run the Project, a property manager's experience with owning and/or operating multifamily housing projects such as the Project and with use and occupancy restrictions similar to those contained in this Regulatory Agreement, (v) evidence of satisfaction of compliance with the provisions of Section 27(d)(i) related to notice to CDLAC of transfer of the Project and (vi) an opinion of Bond Counsel addressed to the Authority to the effect that such transfer will not cause interest on the Tax-Exempt Bonds to become includable in the gross income of the recipients thereof for federal income tax purposes.

No transfer of the Project shall operate to release the Borrower from its obligations under this Regulatory Agreement with respect to any action or inaction taken prior to such transfer. Nothing contained in this Section 10 shall affect any provision of the Loan Documents to which the Borrower is a party that requires the Borrower to obtain the consent of the Bondowner as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project or of any direct or indirect interest in the Borrower or that gives the Bondowner the right to accelerate the maturity of the Loan under the Loan Agreement, or to take some other similar action with respect to the Loan, upon the sale, transfer or other disposition of the Project. Notwithstanding anything contained in this Section 10 to the contrary, neither the consent of the Authority nor the delivery of items (i) through (vi) of the preceding paragraph shall be required in the case of a foreclosure or deed in lieu of foreclosure (including, without limitation, a foreclosure

or transfer of title by deed in lieu thereof pursuant to the Deed of Trust), whereby the Bondowner or any of its designees, or a third-party purchaser from the Bondowner or any of its designees becomes the owner of the Project, and nothing contained in this Section 10 shall otherwise affect the right of the Bondowner or any of its designees, or any such third-party purchaser, to foreclose on the Project or to accept a deed in lieu of foreclosure. Delivery of items (i) through (vi) (or, if the Bonds are no longer outstanding, (i) through (v)) of the preceding paragraph and, while the Bonds are outstanding, consent of the Authority (which consent shall not be unreasonably withheld) shall be required for any future transfer of the Project to be made subsequent to any transfer described in the preceding sentence.

It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 10 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Not less than 30 days prior to consummating any sale, transfer or disposition of any interest in the Project, the Borrower shall deliver to the Authority, Bondowner and Trustee a notice in writing explaining the nature of the proposed transfer.

Notwithstanding the above, the following transfers will be permitted without the consent of the Authority, subject to the requirement contained in the final sentence of this paragraph: (a) a transfer of partnership interests in Borrower to or by BF Levant Senior Cottages, LLLP, a Delaware limited liability limited partnership, or its successors and assigns (the "**Investor Limited Partner**") or BFIM Special Limited Partner, Inc., a Florida corporation, or its successors and assigns (the "**Special Limited Partner**"), under the amended and restated agreement of limited partnership of the Borrower (the "**Partnership Agreement**"), or its designees pursuant to the Partnership Agreement; (b) a transfer of the limited partner interests in the Borrower of the Investor Limited Partner or the Special Limited Partner to an affiliate of such Investor Limited Partner or Special Limited Partner; (c) a transfer of the limited liability company or limited partnership interests, as applicable, in the Investor Limited Partner or the Special Limited Partner to nonaffiliates of such Investor Limited Partner or Special Limited Partner with notice to the Authority, Bondowner and Trustee; (d) the removal and replacement of the general partner(s) of the Borrower (the "**General Partner**") pursuant to the terms of the Partnership Agreement; (e) the transfer of limited partner interests to the General Partner or any affiliate of the General Partner and (f) transfers described in Section 2.2(k) of the Loan Agreement. Prior to any transfer of limited liability company or limited partnership interests or removal of the General Partner permitted in (c) and (d) above, the Authority shall receive an opinion of Bond Counsel acceptable to the Authority to the effect that such transfer will not cause interest on the Tax-Exempt Bonds to become includable in the gross income of the recipients thereof for federal income tax purposes.

Section 11. Term. Except as provided in Section 3(j) and Section 7 above, which provisions shall continue beyond the Qualified Project Period, and, except as provided in the second paragraph of this Section 11, this Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect during the Qualified Project Period, or for such longer period as is provided in Sections 3(j) and 7 above, and in the CDLAC Resolution referred to in Section 27 below, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds and expiration of the Indenture, Loan Agreement and Loan. Notwithstanding any other provisions of this Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or sections hereof, may be terminated prior to the expiration of the Qualified Project Period upon agreement by the Authority, Bondowner, (if any Bonds are outstanding) and Borrower only if there shall have been received by the Authority and the Bondowner an opinion of Bond Counsel that such termination will not adversely affect the exclusion from gross income

for federal income tax purposes of interest on the Tax-Exempt Bonds or the exemption from State personal income taxation of the interest on the Bonds.

The terms of this Regulatory Agreement to the contrary notwithstanding (except as to the provisions of Section 7), this Regulatory Agreement, and each and all of the terms hereof, shall automatically terminate and be of no further force or effect in the event of (i) an involuntary noncompliance by the Borrower with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the provisions of this Regulatory Agreement, or (ii) foreclosure on the Project or delivery of a deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Deed of Trust) or condemnation or a similar event, but only if within a reasonable period thereafter the Bonds are redeemed or retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Code set forth in this Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure on the Project or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any Affiliate obtains an ownership interest in the Project for federal income tax purposes. The parties hereto mutually intend the previous sentence to be interpreted in accordance with the minimum requirements of Section 1.103-8(b)(6) of the Regulations.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms. Borrower agrees that the reasonable fees and costs of the Authority, Bondowner and Trustee and their respective legal counsel in connection with the termination of this Regulatory Agreement shall be paid by the Borrower.

Section 12. Covenants to Run with the Land. The Borrower hereby subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Authority and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 13. Burden and Benefit. The Authority and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The Authority and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants and Very Low Income Tenants and by furthering the public purposes for which the Bonds were issued.

Section 14. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 15. Enforcement. If the Borrower defaults in the performance or observance of any of its covenants, agreements or obligations set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given (i) by the Authority to the Borrower, Trustee, the Investor Limited Partner and the Special Limited Partner or (ii) by the Bondowner to the Authority, the Investor Limited Partner, the Special Limited Partner and the Borrower (provided, however, that the Authority may at its sole option extend such period if the Borrower provides the Authority and Bondowner with an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds (if outstanding)), then the Authority may declare an **“Event of Default”** to have occurred hereunder and shall provide written notice thereof to the Borrower and Bondowner, as applicable, and, at the Authority’s option, may take any one or more of the following steps:

- (i) by mandamus or other suit, action or proceeding at law or in equity, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority hereunder;
- (ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project;
- (iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder; or
- (iv) with the consent of the Bondowner, which consent shall not be unreasonably withheld, declare a default under the Loan Agreement, as applicable, and proceed with any remedies provided therein.

The Borrower hereby agrees that specific enforcement of the Borrower’s agreements contained herein is the only means by which the Authority may fully obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower.

The Trustee shall have the right, in accordance with this Section 15 and subject to the applicable provisions of the Indenture, without the consent or approval of the Authority, but with the consent of the Bondowner, which consent shall not be unreasonably withheld, to exercise any or all of the rights or remedies of the Authority hereunder; provided that prior to taking any such act, the Bondowner shall give the Authority written notice of its intended action. After the Indenture has been discharged, the Authority may act on its own behalf to declare an **“Event of Default”** to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Trustee. All fees, costs and expenses of the Bondowner (including, without limitation, reasonable attorneys’ fees) incurred in taking any action pursuant to this Section 15 shall be the sole responsibility of the Borrower.

Notwithstanding anything contained in this Regulatory Agreement, the Indenture or the Loan Agreement to the contrary, the occurrence of an Event of Default shall not be deemed, under

any circumstances whatsoever, to be a default under the Loan Documents except as may be otherwise specified, as applicable, in the Loan Documents.

The rights of the Bondowner under this Section are in addition to all rights conferred upon the Bondowner under the Indenture and other Loan Documents (as defined in the Indenture), and in no way limit those rights. No breach of any of the provisions of this Regulatory Agreement shall impair, defeat or render invalid the lien of the Deed of Trust.

The Authority agrees that cure of any Event of Default made or tendered by the Investor Limited Partner or the Special Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 16. Recording and Filing. The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto to be recorded and filed in the real property records of the County of San Diego and in such other places as the Authority and Bondowner may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

Section 17. Payment of Fees. The Borrower shall pay to the Authority the issuance and annual (ongoing) Authority Fee on the dates and in the amounts set forth in the definition thereof. Notwithstanding any prepayment of the Loan or any discharge of the Indenture, except as set forth in the following paragraph, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay to the Authority the Authority Fee, and, following the occurrence of an Event of Default, to the Authority and Bondowner reasonable compensation for any services rendered by any of them hereunder and reimbursement for all expenses reasonably incurred by any of them as a result of such Event of Default. The Authority Fee referenced in this section shall in no way limit amounts payable by the Borrower under Section 7 hereof, or arising after an Event of Default in connection with the Authority's or Bondowner's enforcement of the provisions of this Regulatory Agreement.

In the event that the Bonds are prepaid in part or in full prior to the end of the term of this Regulatory Agreement, the Authority Fee for the remainder of the term of this Regulatory Agreement, at the option of the Authority, shall continue to be payable to the Authority for the number of years remaining under the Regulatory Agreement. At the option of the Authority, the Authority Fee shall be paid by the Borrower at the time of the prepayment of the Bonds and shall be a lump sum amount equal to the present value (based on a discount rate equal to the combined yield on the Bonds, as determined by the Authority at the time of prepayment) of the Authority Fee, calculated based on the amount of the Bonds outstanding immediately preceding such prepayment, for the number of years remaining in the Qualified Project Period under this Regulatory Agreement.

During any period that the Bondowner or any of its respective agents owns the Project, it shall be responsible to make payments under this Section 17 accruing during such period. The Bondowner shall not be liable for the payment of any compensation or any fees, costs, expenses or penalties otherwise payable for any period of time that it was not or is not the owner of the Project.

Section 18. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California.

Section 19. Amendments. Except as provided in Sections 6(a) and 27(e) hereof, this Regulatory Agreement shall be amended (i) only with the prior written consent of the Bondowner and (ii) by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of San Diego. The parties hereto acknowledge that for so long as the Bonds are outstanding, the Trustee is a third-party beneficiary to this Regulatory Agreement. Any amendment to this Regulatory Agreement shall be accompanied by an opinion of Bond Counsel to the effect that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

Section 20. Notice. All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the date personally delivered or on the third business day following the date on which the same have been mailed by certified mail, return receipt requested, postage prepaid and addressed as follows:

The Trustee:	U.S. Bank Trust Company, National Association 633 W. Fifth Street, 24th Floor Los Angeles, California, 90071 Attention: Global Corporate Trust Reference: Levant Senior Cottages
The Authority:	Housing Authority of the City of San Diego 1122 Broadway, Suite 300 San Diego, California 92101 Attention: Colin Miller Telecopier: (619) 578-7536
with copies to (none of which copies shall constitute notice to the Authority):	Office of the San Diego City Attorney 1200 Third Avenue, Suite 1100 San Diego, California 92101 Attention: Marguerite Middaugh Telecopier: (619) 236-7215
The Bondowner:	JP Morgan Chase Bank, N.A. 300 S. Grand Avenue, Suite 300 Los Angeles, California 90071 Attention: Eri Kameyama
with a copy to:	FisherBroyles LLP 3777 Long Beach Boulevard, Suite 280 Long Beach, California 90807 Attention: John Opgenorth, Esq.
The Borrower:	Levant Senior Cottages LP c/o Wakeland Housing and Development Corporation 1230 Columbia Street, Suite 950 San Diego, California 92101 Attention: President

with a copy to: Goldfarb & Lipman, LLP
1300 Clay Street, 11th Floor
Oakland, California 94612
Attention: Heather Gould, Esq.

with a copy to: Schneider & Branch LLP
225 Broadway, Suite 400
San Diego, California 92101
Attention: Michael Branch, Esq.

The Investor Limited Partner: BF Levant Senior Cottages, LLLP
c/o Boston Financial Investment Management,
LP
101 Arch Street, 13th Floor
Boston, Massachusetts 02110
Attention: Asset Management

BFIM Special Limited Partner, Inc.
c/o Boston Financial Investment Management,
LP
101 Arch Street, 13th Floor
Boston, Massachusetts 02110
Attention: Asset Management

with a copy to: Holland & Knight LLP
10 St. James Ave., 11th Floor
Boston, Massachusetts 02116
Attention: Kristen Cassetta, Esq.

If to CDLAC: California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, California 95814
Attention: Executive Director

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent. Copies of notices sent by any party hereto shall be sent concurrently to the Trustee.

Section 21. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 22. Multiple Counterparts. This Regulatory Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 23. Compliance by Borrower. The Trustee shall not be responsible for monitoring or verifying compliance by the Borrower with its obligations under this Regulatory Agreement. The Borrower acknowledges and agrees to all provisions of the Indenture applicable to it, including, without limitation, Section 9.2 thereunder.

Section 24. General Obligation of Borrower; Limitations on Recourse to Borrower.

Except as provided in Section 7 of this Regulatory Agreement, no subsequent owner of the Project shall be liable or obligated to pay damages for the breach or default of any obligation or covenant by any prior owner (including the Borrower) under this Regulatory Agreement. Such obligations are the obligations of the person who was the owner at the time the default or breach was alleged to have occurred, and such owner shall remain liable for any and all damages occasioned thereby even after such person ceases to be the owner of the Project, and no person seeking such damages shall have recourse against the Project.

Section 25. Third-Party Beneficiaries. The parties to this Regulatory Agreement recognize and agree that the terms of this Regulatory Agreement and the enforcement of those terms are essential to the security of the owners of the Bonds and are entered into for their benefit. The Trustee, on behalf of the owners of the Bonds, and the Bondowner shall have contractual rights in this Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly with the Authority, or to cause the Authority to enforce, the terms of this Regulatory Agreement. The Trustee and the Bondowner are intended to be and shall be third-party beneficiaries of this Regulatory Agreement, and the Trustee and Bondowner shall have the right (but not the obligation) to enforce the terms of this Regulatory Agreement insofar as this Regulatory Agreement sets forth obligations of the Borrower.

CDLAC is also intended to be and shall be a third-party beneficiary of this Regulatory Agreement to the limited extent that it shall be entitled to enforce, in accordance with Section 15 hereof, the terms of the CDLAC Resolution.

Section 26. Damage, Destruction or Condemnation of the Project. In the event that the Project is damaged or destroyed or title to the property, or any part thereof, is taken through the exercise or the threat of the exercise of the power of eminent domain, the Borrower shall comply with all applicable requirements of the other Loan Documents.

Section 27. CDLAC Requirements. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 and 5 hereof, the Borrower hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 27, as follows:

(a) The Borrower shall comply with the CDLAC Resolution, which is attached hereto as Appendix D, and the CDLAC Conditions set forth in Exhibit A thereto (collectively, the “**CDLAC Conditions**”), which conditions are incorporated herein by reference and made a part hereof. The Borrower will prepare and submit to the Authority:

(i) not later than February 1 of each year, until the Project is completed, and on February 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Certification of Compliance II for Qualified Residential Rental Projects, in substantially the form attached hereto as Appendix E or otherwise required or provided by CDLAC from time to time after the date hereof (“**CDLAC Compliance Certificate**”), executed by an authorized representative of the Borrower; such CDLAC Compliance Certificate shall be prepared pursuant to the terms of the CDLAC Conditions;

(ii) a Certificate of Completion, in substantially the form attached hereto as Appendix F or otherwise required or provided by CDLAC from time to time after the date

hereof, executed by an authorized representative of the Borrower certifying among other things to the substantial completion of the Project; and

(iii) not later than February 1 of every third year following the submission of the Certificate of Completion, until the later of the end of the Qualified Project Period or the period described in paragraph (c), below, a project status report, as required or provided by the California Tax Credit Allocation Committee or equivalent documentation required or otherwise provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Borrower.

Compliance with the terms of the CDLAC Conditions not contained within this Regulatory Agreement, but referred to in the CDLAC Conditions, are the responsibility of the Borrower to report to the Authority.

(b) The Borrower acknowledges that the Authority shall monitor the Borrower's compliance with the terms of the CDLAC Conditions. The Borrower acknowledges that the Authority will prepare and submit to CDLAC, not later than March 1 of each year, until the Project is completed, and on March 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Self-Certification Certificate in the form provided by CDLAC. The Borrower will cooperate fully with the Authority in connection with such monitoring and reporting requirements.

(c) Except as otherwise provided in Section 11 of this Regulatory Agreement, this Regulatory Agreement shall terminate on the date 55 years after the date on which at least fifty percent (50%) of the units in the Project are first occupied or otherwise after the commencement of the Qualified Project Period.

(d) The Borrower shall notify CDLAC in writing of: (i) any change in ownership of the Project; (ii) any change in the issuer of the Tax-Exempt Bonds; (iii) any change in the name of the Project or the property manager; (iv) any default under the Indenture, the Loan Agreement or this Regulatory Agreement, including, but not limited to, such defaults associated with the Tax-Exempt status of the Tax-Exempt Bonds, and the income and rental requirements as provided in Sections 4 and 5 hereof and the CDLAC Conditions; or (v) termination of this Regulatory Agreement.

(e) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Borrower after the Closing Date, at any time, that are not more restrictive than the original CDLAC Conditions; provided however, that, with the prior written consent of the Bondowner, which will not be unreasonably withheld: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Project in the real property records of the County of San Diego of a regulatory agreement between Borrower and the California Tax Credit Allocation Committee ("**TCAC Regulatory Agreement**") shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Borrower or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26 and/or 37 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by Borrower and approved by CDLAC. The Authority may, in its sole and absolute discretion, require the Borrower to enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties hereto or their successor in title and duly recorded in the official real estate records of the County of San Diego. The Borrower shall pay any costs

and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

Any of the foregoing requirements of the CDLAC Conditions contained in this Section 27 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 27 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Authority has received an opinion of Bond Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes; and (ii) any requirement of this Section 27 shall be void and of no force and effect if the Authority and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Tax-Exempt Bonds to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other state or federal law.

Section 28. Annual Reporting Covenant. No later than January 31 of each calendar year (commencing January 31, 2023), the Borrower, on behalf of the Authority, agrees to provide to the California Debt and Investment Advisory Commission, by any method approved by the California Debt and Investment Advisory Commission, with a copy to the Authority, the annual report information required by Section 8855(k)(1) of the California Government Code. This covenant shall remain in effect until the later of the date (i) the Bonds are no longer Outstanding or (ii) the proceeds of the Bonds have been fully spent.

IN WITNESS WHEREOF, the Authority and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first written hereinabove.

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____
Richard C. Gentry
Executive Director

ATTEST:

Scott Marshall
Deputy Secretary

[signatures continued on next page]

LEVANT SENIOR COTTAGES LP,
a California limited partnership

By: Wakeland Levant LLC,
a California limited liability Company,
its Managing General Partner

By: Wakeland Housing and
Development Corporation,
a California nonprofit public benefit
corporation
its Manager

By: _____
Name: Peter Armstrong
Title: Vice President

By: San Diego Kind Corporation,
a California nonprofit public benefit
corporation,
its Administrative General Partner

By: _____
Name: E. Percil Stanford, PhD.
Title: President

[Notary Pages]

APPENDIX A

LEGAL DESCRIPTION

The leasehold estate or interest in the land described below and which is encumbered is:

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

[TO COME]

APPENDIX B

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned, _____, being duly authorized to execute this certificate on behalf of Levant Senior Cottages LP, a California limited partnership (the "Borrower"), hereby represents and warrants that:

1. The undersigned has read and is familiar with the provisions of the following documents associated with the Borrower's participation in the Housing Authority of the City of San Diego's (the "Authority") Multifamily Housing Revenue Bonds (Levant Senior Cottages) Series 2022D-1 and its Multifamily Housing Revenue Bonds (Levant Senior Cottages) Series 2022D-2 (Taxable), such documents including:

(a) the Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") dated as of [____] 1, 2022 by and between the Borrower and the Authority;

(b) the Tax-Exempt Promissory Note (as defined in the Loan Agreement), dated [____] 1, 2022, from the Borrower to the Authority, representing the Borrower's obligation to repay the Tax-Exempt Loan (as defined in the Loan Agreement); and

(c) the Taxable Promissory Note (as defined in the Loan Agreement), dated [____] 1, 2022, from the Borrower to the Authority, representing the Borrower's obligation to repay the Taxable Loan (as defined in the Loan Agreement).

2. As of the date of this certificate, the following percentages of residential units in the Project (i) are occupied by Very Low Income Tenants or Low Income Tenants (as such terms are defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Very Low Income Tenant or Low Income Tenant vacated such unit:

		Studio Units	One- Bedroom Units	Total
Occupied by Very Low Income Tenants:	% Unit Nos.:	____	____	____
Held vacant for occupancy continuously since last occupied by a Very Low Income Tenant:	% Unit Nos.:	____	____	____
Occupied by Low Income Tenants:	No. of Units:	____	____	____
Held vacant for occupancy continuously since last occupied by a Low Income Tenant:	No. of Units:	____	____	____

3. The Borrower hereby certifies that to the best of its knowledge the Borrower is not in default under any of the terms of the above documents and no event has occurred which, with the passage of time, would constitute an event of default thereunder, with the exception of the following [state actions being taken to remedy default].

LEVANT SENIOR COTTAGES LP,
a California limited partnership

By: Wakeland Levant LLC,
a California limited liability Company,
its Managing General Partner

By: Wakeland Housing and
Development Corporation,
a California nonprofit public benefit
corporation
its Manager

By: _____
Name: Peter Armstrong
Title: Vice President

By: San Diego Kind Corporation,
a California nonprofit public benefit
corporation,
its Administrative General Partner

By: _____
Name: E. Percil Stanford, PhD.
Title: President

APPENDIX C

INCOME COMPUTATION AND CERTIFICATION

NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 CFR 5.609). You should make certain that this form is at all times up to date with the HUD Regulations. All capitalized terms used herein shall have the meaning set forth in the Regulatory Agreement.

Re: _____, San Diego, CA _____

I/We, the undersigned state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the above apartment project. Listed below are the names of all persons who intend to reside in the unit:

Income Computation

6. The total anticipated income, calculated in accordance with this paragraph 6, of all persons (except children under 18 years) listed above for the 12-month period beginning the earlier of the date that I/we plan to move into a unit or sign a lease for a unit is \$_____.

Included in the total anticipated income listed above are:

(a) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;

(b) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;

(c) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (6)(b) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by the Department of Housing and Urban Development;

(d) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount except deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts;

(e) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay except lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (excluding payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay);

(f) Welfare assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

(1) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(2) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage;

(g) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(h) All regular pay, special pay and allowances of a member of the Armed Forces except the special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

Excluded from such anticipated income are:

(a) Income from employment of children (including foster children) under the age of 18 years;

(b) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);

(c) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses except payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;

(d) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

(e) Income of a live-in aide, as defined by 24 CFR §5.403;

(f) The full amount of student financial assistance paid directly to the student or to the educational institution;

(g) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

(h) (1) Amounts received under training programs funded by the Department of Housing and Urban Development;

(2) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(3) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(4) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the Public Housing Authority or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination. No resident may receive more than one such stipend during the same period of time;

(5) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(i) Temporary, nonrecurring or sporadic income (including gifts);

(j) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(k) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);

(l) Adoption assistance payments in excess of \$480 per adopted child;

(m) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.

(n) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;

(o) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(p) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR §5.609(c) apply.

7. Do the persons whose income or contributions are included in item 6 above

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)?

Yes No

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value?

Yes No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000?

Yes No

(d) If the answer to (c) above is yes, state:

(1) the combined total value of all such assets: \$_____;

(2) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: \$_____, and

(3) the amount of such income, if any, that was included in item 6 above:

\$_____

8. (a) Are all of the individuals who propose to reside in the unit full-time students*?

Yes No

*A full-time student is an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

(b) If the answer to 8(a) is yes, is at least 2 of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return?

Yes No

9. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the rental housing project in which the unit is located (hereinafter the "Borrower"), has any family relationship to the Borrower; or owns directly or indirectly any interest in the Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership

or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member; and ownership, direct or indirect, by a partner of the individual.

10. This certificate is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable and that the statement of total anticipated income contained in paragraph 6 is reasonable and based upon such investigation as the undersigned deemed necessary.

11. I/we will assist the Borrower in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

12. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this _____ day of _____ in the County of San Diego, California.

Applicant

Applicant

[Signature of all persons (except children under the age of 18 years) listed in number 2 above required]

FOR COMPLETION BY BORROWER ONLY:

1. Calculation of eligible income:
 - a. Enter amount entered for entire household in 6 above: \$
 - b. (1) If the answer to 7(c) above is yes, enter the total amount entered in 7(d)(2), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance (\$ _____)
(2) Multiply the amount entered in 7(d)(1) times the current passbook savings rate as determined by HUD to determine what the total annual earnings on the amount in 7(d)(1) would be if invested in passbook savings (\$ _____), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance (\$ _____);
(3) Enter at right the greater of the amount calculated under (1) or (2) above: \$
 - c. TOTAL ELIGIBLE INCOME
(Line 1.a plus line 1.b(3)): \$
2. The amount entered in line 1.c:
 Qualifies the applicant(s) as a Low Income Tenant(s) __ or a Very Low Income Tenant(s) __ [check applicable box, if any]
 Does not qualify the applicant(s) as a Low Income Tenant(s) __, or a Very Low Income Tenant(s) __ [check applicable box, if any].
3. Number of apartment unit assigned: _____
Bedroom Size _____ Rent: \$
4. This apartment unit [was/was not] last occupied for a period of 31 or more consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Low Income Tenants __ or Very Low Income Tenants __ [check applicable box].
5. Method used to verify applicant(s) income:
 Employer income verification.
 Copies of tax returns.
 Other (_____)

Manager

INCOME VERIFICATION
(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed under the Housing Authority of the City of San Diego Multifamily Housing Revenue Bond Program for persons of lower income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual wages _____

Overtime _____

Bonuses _____

Commissions _____

Other Income _____

Total current income _____

I hereby certify that the statements above are true and complete to the best of my knowledge.

Signature _____ Date _____ Title _____

I hereby grant you permission to disclose my income to _____ in order that they may determine my income eligibility for rental of an apartment located in their project which has been financed under the Housing Authority of the City of San Diego Multifamily Housing Revenue Bond Program.

Signature _____ Date _____

Please send to:

INCOME VERIFICATION
(for self-employed persons)

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Signature

Date

APPENDIX D
CDLAC RESOLUTION

[Attached]

APPENDIX E
CDLAC COMPLIANCE CERTIFICATE

CERTIFICATION of COMPLIANCE II
for QUALIFIED RESIDENTIAL RENTAL PROJECT

Project Name: Levant Senior Cottages

Name of Bond Issuer: Housing Authority of the City of San Diego

1. Project Name Change: No Yes
(If project name has changed since the award of allocation please note the original project name as well as the new project name.)

If yes provide old and new Project Name _____

2. CDLAC Application No.: 21-712

3. Bond Issuer Change: No Yes
(If Bond Issuer has changed since the award as a result of refinance or refunding of an allocation please note the original Issuer as well as the new Issuer.)

If yes provide the Name of existing and New Issuer _____
Contact Information _____

4. Change in Borrower No Yes
(If Borrower has changed since the award affecting the CDLAC resolution please note the original Borrower as well as the new Borrower.)

If yes provide the Name of the existing and New Borrower _____
Contact Information _____

5. Change in Management Company No Yes
If yes provide the Name of the New Management Company _____

6. Has the Qualified Project Period commenced? No Yes
No Yes Already Submitted Certification
If yes please submit the Certificate of Qualified Project Period (one time only)

7. Has the project been completed and placed in service?
No Yes Already Submitted Certification
If yes please submit Completion Certification (one time only)

8. Have any of the following events occurred associated with the bond allocation including but not limited to: defaults associated with rents and income requirements, Bond Default or a Qualified Bond Default.

No Yes

If so, please describe and explain?

9. Has a termination of the Regulatory Agreement occurred or is a termination planned in the next year? Has proper noticing occurred?

No _____ Yes _____

If so, please describe and explain?

10.	Federally Bond Restricted Units (Reflected in PSR)	Other Restrictions (Reflected in PSR)	Total (Reported in CDLAC Resolution)
	_____ at 50% AMI _____ at 60% AMI	_____ at 50% AMI _____ at 60% AMI	_____ at 50% AMI _____ at 60% AMI

11. Please indicate the distribution of the CDLAC restricted 10% of the 50% AMI units

Bedroom Type	# of Units in PSR	# of Units in CDLAC Resolution
1 Bedroom	_____	_____
2 Bedroom	_____	_____
3 Bedroom	_____	_____

12. If the Project has committed to and is currently providing the service amenities for a term as specified in the CDLAC resolution, please verify the services are being provided: on a regular and ongoing basis, which are provided free of charge and all hour requirements are being met:

- After-school Programs
- Educational, health and wellness, or skill building classes
- Health and Wellness services and programs (not group classes)
- Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)
- Bona-Fide Service Coordinator/ Social Worker

Is the service being offered on an ongoing basis and provided free of charge (childcare excepted)?

No _____ Yes _____

Are all hour requirements being met?

No _____ Yes _____

Attach evidence demonstrating that the above listed services are being provided and have met the requirements in the CDLAC Resolution. Including but not limited to MOUs and or contracts associated with the services rendered, a 12-month schedule (current reporting year) of the services offered, flyers, sign-up sheets, etc.

"Pursuant to Section 13 of Resolution No. 21-233 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on _____, I, _____, an Officer of the Borrower, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the

Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Signature of Officer

Printed Name of Officer

Title of Officer

Date

APPENDIX F
CDLAC COMPLETION CERTIFICATE

CERTIFICATE of COMPLETION
for QUALIFIED RESIDENTIAL RENTAL PROJECTS

- 1) Project Name: Levant Senior Cottages
(If project name has changed since the award of allocation please note the original project name as well as the new project name.)
- 2) CDLAC Application No.: 21-712
- 3) Name of Bond Issuer: Housing Authority of the City of San Diego
- 4) Name of Borrower: Levant Senior Cottages LP, a California limited partnership
(If Borrower has changed name since the award please note the original Borrower as well as the new Borrower.)
- 5) The undersigned hereby certifies that all work on the Project was substantially completed as of _____, 20____

The undersigned hereby further certifies that:

- (a) the aggregate amount disbursed on the Loan to date is \$_____
 - (b) all amounts disbursed from proceeds of the Bonds have been applied to pay or reimburse the undersigned for the payment of Project Costs and none of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and
 - (c) at least 95 percent of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs (as that term is used in the Regulatory Agreement) and less than 25 percent of the amounts disbursed from the proceeds of the Bonds, exclusive of amounts applied to pay the costs of issuing the Bonds, have been applied to pay or reimburse the Borrower for the cost of acquiring land.
 - (d) the cost of the bond issuance was equal to or less than 2% of the bond proceeds issued.
- 6) The undersigned hereby certifies the project meets the general federal rule for a Qualified Project Period.
No_____ Yes_____

- (a) 10% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____, 20__ and
- (b) 50% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____, 20__.
- 7) If no to 6) the undersigned hereby certifies the project meets the special federal rule for a Qualified Project Period.

No _____ Yes _____

(Project qualifies if it is an acquisition/rehabilitation where no more than 90% of the units were not available for occupancy within 60 days of the earlier of the project acquisition or the Bonds Issuance Date.)

- (a) Bonds were issued on _____, 20____
- (b) Property was acquired on _____ 20__
- (c) The date 10% of the units were available to occupy (within 60 days of the earlier of the acquisition or bond issuance) _____, 20__

Signature of Officer

Printed Name of Officer

Title of Officer

Phone Number

INDENTURE OF TRUST

by and between the

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO,

and

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee**

dated as of [] 1, 2022

**relating to:
\$22,877,000**

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Levant Senior Cottages)
Series 2022D-1**

\$[D-2 Amount]

**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Levant Senior Cottages)
Series 2022D-2 (Taxable)**

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INDENTURE OF TRUST

This INDENTURE OF TRUST, dated as of [] 1, 2022 (this "Indenture"), is by and between the Housing Authority of the City of San Diego, a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California (together with any successor to its rights, duties and obligations, the "Authority"), and U.S. Bank Trust Company, National Association, a national banking association organized and existing under the laws of the United States of America, as Trustee hereunder (herein called the "Trustee").

RECITALS:

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (the "Act"), the Authority proposes to issue its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Levant Senior Cottages), Series 2022D-1 (the "Tax-Exempt Bonds") and its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Levant Senior Cottages), Series 2022D-2 (Taxable) (the "Taxable Bonds", and together with the Tax-Exempt Bonds, the "Bonds"); and

WHEREAS, the proceeds of the Bonds will be used to fund a loan to Levant Senior Cottages LP, a California limited partnership (the "Borrower") pursuant to the Loan Agreement, dated as of [] 1, 2022 (the "Loan Agreement"), by and between the Authority and the Borrower, and as provided in the Construction Loan Agreement, dated as of [] 1, 2022 (the "Construction Loan Agreement"), between the Borrower and the owner of the Bonds, all in order to provide financing for the acquisition, construction and development of a multifamily rental housing project known as "Levant Senior Cottages," consisting of 127 affordable housing units (including an unrestricted manager's unit), located at 6950 Levant Street in the City of San Diego (the "Project"); and

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

WHEREAS, all conditions, things and acts required by the Act, and by all other laws of the State of California, to exist, have happened and have been performed in satisfaction of conditions precedent to and in connection with the issuance of the Bonds exist, have happened, and have been performed in due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the Bonds for the purpose, in the manner and upon the terms herein provided; and

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

A G R E E M E N T:

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

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

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

The term “Act” shall mean Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended.

The term “Administrator” shall mean the Authority, or any substitute or replacement administrator appointed by the Authority as agent of the Authority in the administration of the Regulatory Agreement.

The term “Agreement” or “Loan Agreement” shall mean the Loan Agreement, dated as of [_____] 1, 2022, by and between the Authority and the Borrower, pursuant to which the Authority agrees to lend the proceeds of the Bonds to the Borrower, as originally executed or as it may from time to time be supplemented or amended in accordance with its terms.

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

The term “Authorized Amount” shall mean, with respect to the Tax-Exempt Bonds, \$22,877,000, and with respect to the Taxable Bonds, \$[D-2 Amount].

The term “Authorized Authority Representative” shall mean those persons identified as “Designated Officers” in Section 4 of Resolution No. HA-[____], adopted by the Authority on May 24, 2022.

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

The term “Bond Counsel” shall mean (i) Jones Hall, A Professional Law Corporation, or (ii) or any other attorney or firm of attorneys of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of tax-exempt obligations and who is acceptable to the Authority, and duly admitted to practice law before the highest court of any state of the United States of America, but shall not include counsel for the Borrower.

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

The term “Bonds” shall mean, collectively, the Tax-Exempt Bonds and the Taxable Bonds.

The term “Bondowner,” “Holder,” “holder,” “Bondholder,” “Owner of the Bonds,” or “owner of the Bonds” shall mean the person in whose name the Bonds are registered in the Bond register maintained by the Trustee under Section 2.06.

The term "Borrower" shall mean Levant Senior Cottages LP, a California limited partnership, and its successors and assigns under the provisions of Section 6.2 of the Loan Agreement and under the applicable provisions of the Construction Loan Agreement.

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

The term "Certificate of the Authority" shall mean a certificate of the Authority signed by an Authorized Authority Representative.

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

The term "Closing Date" shall mean [____], 2022, the date of initial delivery of the Bonds and funding of the Initial Disbursement.

The term "Code" or "Internal Revenue Code" means the Internal Revenue Code of 1986, as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

The term "Construction Fund" shall mean the fund by that name established pursuant to Section 3.03 hereof.

The term "Construction Loan Agreement" shall mean the Construction Loan Agreement, dated as of [____] 1, 2022, by and between the Bondowner and the Borrower, as originally executed or as it may from time to time be supplemented or amended in accordance with its terms.

The term "Debt Service" means the interest payable on the Bonds on each Interest Payment Date and the interest and principal payable on the Maturity Date.

The term "Deed of Trust" shall mean the Leasehold Construction Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, executed by the Borrower in favor of the Authority, for the purpose of securing the obligations of the Borrower under the Loan Documents, as such deed of trust may be originally executed or as from time to time supplemented or amended.

The term "Default Rate" has the meaning given to such term in the Construction Loan Agreement.

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

The term "Event of Default" as used herein other than with respect to defaults under the Loan Agreement shall have the meaning specified in Section 7.01 hereof, and as used in the Loan Agreement shall have the meaning specified in Section 7.1 thereof.

The term "Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the

date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Obligation-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Department of the Treasury, Bureau of Public Debt, or (d) any commingled investment fund in which the Authority and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the Regulations, the term "investment" will include a hedge.

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

The term "Initial Disbursement" means the initial advance of the proceeds of the Tax-Exempt Bonds on the Closing Date, in the amount specified in a Receipt for Promissory Note and Acknowledgement of Funding of Bonds executed by the Trustee on the Closing Date.

The term "Interest Payment Date" shall mean each date on which interest on the Bonds is payable, which shall be the same as each date on which interest on the related Note is payable, as provided in the related Note.

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

(a) direct and general obligations of the United States of America;

(b) obligations of any agency or instrumentality of the United States of America the timely payment of the principal of and interest on which are fully unconditionally guaranteed by the full faith and credit of the United States of America;

(c) senior debt obligations of the Federal Home Loan Mortgage Corporation, a shareholder owned government sponsored enterprise organized and existing under the laws of the United States of America, and its successors and assigns;

(d) senior debt obligations of the Federal National Mortgage Association, a shareholder owned government sponsored enterprise organized and existing under the laws of the United States of America, and its successors and assigns;

(e) demand deposits or time deposits with, or certificates of deposit issued by, the Trustee or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than \$50,000,000; provided that the Trustee or such other institution has been rated at least "VMIG-1"/"A-1+" by Moody's or S&P which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or

collateralized pursuant to the requirements of the Office of the Comptroller of the Currency;

(f) shares or units in any money market mutual fund rated "Aaa"/"AAA" by Moody's or S&P (or if a new rating scale is implemented, the equivalent rating category given by the applicable rating agency (i.e., Moody's or S&P) for that general category of security) (including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of (A) direct obligations of the government of the United States of America, or (B) tax-exempt obligations;

(g)(i) tax-exempt obligations rated in the highest short-term rating category by Moody's or S&P, or (ii) shares of a tax-exempt municipal money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, having assets of at least \$100,000,000, and having a rating of "Aaa"/"AAA" by Moody's or S&P (or if a new rating scale is implemented, the equivalent rating category given by the applicable rating agency (i.e., Moody's or S&P) for that general category of security), for which at least 95% of the income paid to the holders on interest in such money market fund will be excludable from gross income under Section 103 of the Code, including money market funds for which the Trustee or its affiliates receive a fee for investment advisory or other services to the fund; or

(h) any other investments approved in writing by the Bondowner with the written consent of the Authority.

For purposes of this definition of "Investment Securities", the "highest rating" shall mean a rating of at least "VMIG-1"/"A-1+" for obligations with less than one year maturity; at least "Aaa"/"VMIG-1"/"AAA"/"A-1+" for obligations with a maturity of one year or greater but less than three years; and at least "Aaa"/"AAA" for obligations with a maturity of three years or greater. Investment Securities must be limited to instruments that have a predetermined fixed-dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index.

The term "Issuance Costs" means all costs and expenses of issuance of the Bonds, including, but not limited to: (a) purchaser's discount and fees; (b) counsel fees, including bond counsel and Borrower's counsel, as well as any other specialized counsel fees incurred in connection with the issuance of the Bonds or the Loan; (c) the Authority's fees and expenses incurred in connection with the issuance of the Bonds, including fees of any counsel or advisor to the Authority, and the Authority administrative fee for processing the request of the Borrower to issue the Bonds; (d) fees of the Bondowner and its counsel; (e) Trustee's fees and Trustee's counsel fees; (f) paying agent's and certifying and authenticating agent's fees related to issuance of the Bonds; (g) accountant's fees related to issuance of the Bonds; (h) publication costs associated with the financing proceedings; and (i) costs of engineering and feasibility studies necessary to the issuance of the Bonds.

The term "Loan" shall mean, collectively, the Tax-Exempt Loan and the Taxable Loan.

The term "Loan Agreement" shall mean the Agreement, as defined herein.

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

The term "Maturity Date" means, with respect to the Tax-Exempt Bonds, [____] 1, 20[____], and with respect to the Taxable Bonds, [____] 1, 20[____].

The term "Maximum Rate" means the "Highest Lawful Rate" as defined in the Notes.

The term "Moody's" means Moody's Investors Service, Inc., its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

The term "Notes" means, collectively, the Tax-Exempt Note and the Taxable Note.

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

The term "Outstanding," when used as of any particular time with reference to Bonds, shall, subject to the provisions of Section 11.08(e), mean all Bonds theretofore authenticated and delivered by the Trustee under this Indenture except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

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

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

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

The term "Principal Office" shall mean the office of the Trustee located at the address set forth in Section 11.06 hereof, or at such other place as the Trustee shall designate by notice given under said Section 11.06.

The term "Principal Payment Date" shall mean any date on which principal of the Tax-Exempt Loan or the Taxable Loan is due and payable under the Tax-Exempt Note or the Taxable Note, respectively.

The term "Project" has the meaning set forth in the Recitals.

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

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

The term "Record Date" means, with respect to any Interest Payment Date or date for payment of the Bonds upon the redemption thereof, the calendar day of the month immediately

preceding such Interest Payment Date or date of redemption, respectively, whether or not such day is a Business Day.

The term "Redemption Date" shall mean any date designated as a date upon which Bonds are to be redeemed pursuant to this Indenture.

The term "Regulations" means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time or pursuant to any predecessor statute to the Code.

The term "Regulatory Agreement" shall mean the Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith, by and between the Authority and the Borrower, as in effect on the Closing Date and as thereafter amended in accordance with its terms.

The term "Reserved Rights" means those certain rights of the Authority under the Loan Agreement to indemnification and to payment or reimbursement of fees and expenses of the Authority, including the Authority's annual fee as well as the fees and expenses of counsel, and indemnity payments, its right to give and receive notices and to enforce notice and reporting requirements and restrictions on transfer of ownership, its right to inspect and audit the books, records and premises of the Borrower and of the Project, its right to collect attorney's fees and related expenses, its right to specifically enforce the Borrower's covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Authority), its right to receive notices under the Loan Agreement, its rights to give or withhold consent to amendments, changes, modifications and alterations to the Loan Agreement as specifically set forth herein, and to the extent not included above, the rights specifically reserved by the Authority under Section 5.04 of this Indenture.

The term "Responsible Officer" of the Trustee shall mean any officer of the Trustee assigned to administer its duties hereunder.

The term "Revenues" means all amounts pledged hereunder to the payment of principal of and premium, if any, and interest on the Bonds, consisting of any repayments of the Loan required or permitted to be made by the Borrower pursuant to Section 5.1(a) of the Loan Agreement and the provisions of the Notes; but such term shall not include payments to the United States, the Authority, the Trustee or the Administrator pursuant to Sections 2.3, 2.4, 5.1(d), 5.1(e), 5.1(f), 6.7, 6.14(c) or 7.4 of the Loan Agreement, Sections 6.07 or 8.06 hereof or Sections 5, 7 or 17 of the Regulatory Agreement.

The term "S&P" shall mean S&P Global Ratings, or its successors and assigns or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized rating agency designated by the Authority.

The term "Sophisticated Investor" means a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, or an institutional "accredited investor" as defined in Rule 501 promulgated under the Securities Act of 1933, as amended, provided that no natural person or trust established by a natural person shall be a Sophisticated Investor for purposes of this Indenture.

The term "supplemental indenture" or "indenture supplemental hereto" shall mean any indenture hereafter duly authorized and entered into between the Authority and the Trustee in accordance with the provisions of this Indenture.

The term "Tax Certificate" means, collectively, (i) the Certificate Regarding Use of Proceeds, executed by the Borrower, and (ii) the Certificate as to Arbitrage, executed by the Authority and acknowledged by the Borrower, delivered on the Closing Date.

The term "Taxable Bonds" means, the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Levant Senior Cottages), Series 2022D-2 (Taxable), issued and Outstanding hereunder.

The term "Taxable Loan" shall mean the loan of the proceeds of the Taxable Bonds made by the Authority to the Borrower pursuant to the Loan Agreement and the Construction Loan Agreement for the purpose of financing the acquisition, construction and development by the Borrower of the Project.

The term "Taxable Note" has the meaning given to such term in the Construction Loan Agreement.

The term "Tax-Exempt Bonds" means, the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Levant Senior Cottages), Series 2022D-1, issued and Outstanding hereunder.

The term "Tax-Exempt Loan" shall mean the loan of the proceeds of the Tax-Exempt Bonds made by the Authority to the Borrower pursuant to the Loan Agreement and the Construction Loan Agreement for the purpose of financing the acquisition, construction and development by the Borrower of the Project.

The term "Tax-Exempt Note" has the meaning given to such term in the Construction Loan Agreement.

The term "Trustee" means (a) U.S. Bank Trust Company, National Association, a national banking association organized under the laws of the United States of America, or (b) any successor Trustee under the provisions of Section 8.08 or 8.09 hereof.

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

Section 1.02. Rules of Construction. (a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders.

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

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

ARTICLE II

THE BONDS

Section 2.01. Authorization. There are hereby authorized to be issued (i) bonds of the Authority designated as "Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Levant Senior Cottages), Series 2022D-1" in the initial aggregate principal amount of up to the Authorized Amount (Tax-Exempt Bonds) and (ii) bonds of the Authority designated as "Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Levant Senior Cottages), Series 2022D-2 (Taxable)" in the initial aggregate principal amount of up to the Authorized Amount (Taxable Bonds), in each case subject to funding over time, as provided herein. No Bonds may be issued hereunder except in accordance with this Article II. The maximum aggregate principal amount of Bonds which may be issued and Outstanding under this Indenture shall not exceed the Authorized Amount. The Bonds, in the form attached hereto as Exhibit A, shall be physical certificated instruments, and shall not be held in a book-entry only system unless approved in advance in writing by the Authority in its sole discretion.

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

The Bonds shall be issuable only as fully registered Bonds, without coupons, in the form of a single Tax-Exempt Bond, in the principal amount equal to the aggregate of the purchase price of the Tax-Exempt Bonds, and a single Taxable Bond, in the principal amount equal to the aggregate of the purchase price of the Taxable Bonds, in each case advanced from time to time by the owners of the Bonds (which principal amount shall be, on the Closing Date, equal to the amount of the Initial Disbursement). The Bonds shall be dated the Closing Date, shall mature on the Maturity Date, and shall be subject to redemption prior to maturity as provided in Article IV.

The Bonds shall bear interest, payable on each Interest Payment Date, at the same rate of interest as described in and determined under the Construction Loan Agreement. Notwithstanding the foregoing, upon the occurrence of an Event of Default hereunder or under the Loan Agreement, or the occurrence of an event of default under any of the other Loan Documents, the Bonds shall bear interest at the Default Rate.

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

Section 2.03. Payment of Bonds. Payment of the principal of and interest on any Bond shall be made in lawful money of the United States to the person appearing on the Bond registration books of the Trustee as the registered owner thereof on the Record Date immediately preceding such Interest Payment Date or other date for payment of the Bonds upon the redemption thereof, such principal and interest to be paid by check mailed on the Interest Payment Date by first class mail, postage prepaid, to the registered owner at its address as it appears on such registration books, except that the Trustee may, at the request of any registered owner of Bonds, make payments of principal and interest on such Bonds by wire

transfer to the account within the United States designated by such owner to the Trustee in writing, any such designation to remain in effect until withdrawn in writing.

Section 2.04. Execution of Bonds. The Bonds shall be signed in the name and on behalf of the Authority with the manual or facsimile signature of an Authorized Authority Representative and attested by the manual or facsimile signature of the Secretary or Deputy Secretary of the Authority, and the official seal of the Authority, or a facsimile, shall be impressed or imprinted thereon. The Bonds shall then be delivered to the Trustee for authentication by the Trustee. In case any officer who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon the Authority as though the officer(s) who signed the same had continued to be such officer(s) of the Authority. Also, any Bond may be signed on behalf of the Authority by such person(s) as on the actual date of the execution of such Bond shall be the proper officer(s) although on the nominal date of such Bond any such person shall not have been such officer.

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

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

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

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

(ii) the Bonds shall be transferred only in whole, to an entity that is a Sophisticated Investor, which must execute and deliver an Investor's Letter in the form attached hereto as Exhibit B.

The Trustee shall not authenticate or register a Bond unless the foregoing conditions of this Section 2.05(b) have been satisfied. Failure to comply with this Section 2.05(b) shall cause any purported transfer to be null and void.

The Bondowner may sell a participation interest in the Bonds subject to the following conditions: (i) any such purchaser must execute and deliver an Investor's Letter in the form attached hereto as Exhibit B; (ii) any such sale must be in a minimum amount of \$100,000; and (iii) at no time may the sum of the number of participants and the Bondowner exceed 5.

(c) The Trustee shall require the payment by the Bondholder requesting any such transfer of any tax, fee or other governmental charge required to be paid with respect to such transfer, but any such transfer shall otherwise be made without charge to the Bondholder requesting the same. The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection therewith shall be paid by the Borrower.

(d) The Trustee shall not transfer the Bonds without prior written notice to the Authority (which may be in the form of transmittal of the executed Investor's Letter to the Authority, together with an indication of the date of the proposed transfer).

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

The ownership of registered Bonds shall be proved by the bond registration books held by the Trustee. The Trustee and the Authority may conclusively assume that such ownership continues until written notice to the contrary is served upon the Trustee. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

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

Section 2.07. Recycling Transactions. Notwithstanding any provision of this Indenture or the Loan Agreement to the contrary, the Authority shall be permitted to direct Tax-Exempt Note prepayments to be transferred to a custodian or trustee selected by the Authority, in lieu of application to prepay a like portion of the Tax-Exempt Bonds, so long as the Authority simultaneously causes other funds to be applied to prepay such portion of the Tax-Exempt Bonds. The preceding provisions shall apply only for purposes of preserving or "recycling" private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01. Authentication and Delivery of the Bonds. Upon the execution and delivery of this Indenture, the Authority shall execute the Bonds and deliver them to the Trustee. Upon payment of the initial issuance fee described in Section 17 of the Regulatory Agreement and satisfaction of the conditions set forth in this Section 3.01, and without any further action on the part of the Authority, the Trustee shall authenticate the Bonds in an aggregate principal amount not exceeding the Authorized Amount, and shall deliver them pursuant to the Written Order of the Authority hereinafter mentioned. Prior to the authentication and delivery of any of the Bonds by the Trustee, there shall have been delivered to the Trustee each of the following:

- (a) copies of the original Notes, and executed counterparts of this Indenture, the other documents to be executed and delivered by the Authority, and each of the other Loan Documents;
- (b) the Construction Loan Agreement, as executed by the parties thereto, and all conditions to the purchase of the Bonds provided therein shall have been satisfied as evidenced by the advancement by the Bondowner of the Initial Disbursement;
- (c) the Certified Resolution;
- (d) evidence of the payment of the initial installment of the purchase price of the Bonds and deposit of the Borrower funds required pursuant to this Indenture, if any;
- (e) an opinion of Bond Counsel substantially to the effect that the Bonds constitute legal, valid and binding obligations of the Authority and that under existing statutes, regulations, rulings and court decisions, the interest on the Tax-Exempt Bonds is not includable in gross income of the owners of the Tax-Exempt Bonds (other than a bondowner who is a "substantial user" of the Project or a "related person" to a "substantial user," as defined in Section 147(a) of the Code) for federal income tax purposes;
- (f) an opinion of counsel to the Borrower addressed to the Authority, the Bondowner and the Trustee, in form and substance satisfactory to the Authority and the Bondowner, regarding the enforceability against the Borrower of each of the documents to which the Borrower is a party; and
- (g) a copy of the investor letter executed by the initial purchaser(s) of the Bonds, in substantially the form set forth in Exhibit B hereto.

Section 3.02. Application of Proceeds of Bonds. The Initial Disbursement and subsequent disbursements of the proceeds received from the sale of the Bonds shall be disbursed in accordance with Section 3.03 of this Indenture. The Bondowner will fund the purchase price of the Bonds from time to time by advancing funds to the Trustee, which amounts so advanced shall be deposited by the Trustee into the Construction Fund in accordance with Section 3.03(a) of this Indenture. The Bondowner will fund the full purchase price of the Tax-Exempt Bonds prior to funding the purchase price of the Taxable Bonds. The Trustee shall note such amount in its records, and the Trustee (if it holds the Bonds) or the Bondowner (if it holds the Bonds) shall note such amount on the Schedule of Drawings attached to the related Bond. Such amounts shall constitute the Disbursed Amount and shall begin to

accrue interest only upon disbursement by the Bondowner to the Trustee for deposit in the Construction Fund. The Trustee, or the Bondowner, as applicable, shall note on the Schedule of Drawings attached to the related Bond, the date and amount of each advance by the Bondowner. Notwithstanding anything herein to the contrary, the aggregate purchase price of the Bonds funded by the Bondowner may not exceed the Authorized Amount (and the Trustee, if it holds the Bonds, or the Bondowner, if it holds the Bonds, shall make no notation on the Schedule of Drawings attached to the related Bond evidencing a principal amount of the Bonds exceeding such amount) and no additional advances of the purchase price of the Bonds may be funded on or after the first to occur of (i) the Maturity Date (or earlier redemption of all of the Bonds), or (ii) December 31, 2025.

Section 3.03. Disbursement of Bond Proceeds; Establishment of Construction Fund. There is hereby created and established with the Trustee a separate fund that shall be designated the "Construction Fund," and within the Construction Fund, there are hereby created and established with the Trustee separate accounts that shall be designated the "Tax-Exempt Construction Account" and the "Taxable Construction Account". The Construction Fund, Tax-Exempt Construction Account and the Taxable Construction Account shall be applied only as provided in this Section 3.03. The Initial Disbursement on the Closing Date shall be deposited by the Trustee in the Tax-Exempt Construction Account for payment to or upon the order of the Borrower of Project Costs and/or Issuance Costs.

(a) The Bondowner shall advance the purchase price of the Bonds from time to time, provided the date and amount of such advance is duly noted by the Trustee (if it holds the Bonds) or the Bondowner (if it holds the Bonds) on the Schedule of Drawings set forth as Exhibit A to the Bonds. The Trustee shall deposit the proceeds of each advance of the purchase price of the Bonds into the Tax-Exempt Construction Account or the Taxable Construction Account within the Construction Fund, as applicable. Funds on deposit in the Construction Fund, and any interest earnings thereon, shall be transferred by the Trustee to the Borrower for the payment of Project Costs as described in Section 3.03(b) below.

(b) The Authority hereby authorizes and directs the disbursement by the Trustee of amounts in the Construction Fund in accordance with this Indenture to or upon the order of the Borrower from time to time upon receipt by the Trustee of a written request of the Borrower, in the form attached hereto as Exhibit C, accompanied by a determination of the Bondowner (evidenced by its approval of the written request of the Borrower) that the conditions to disbursement contained in the Construction Loan Agreement have been satisfied or waived, provided that no written request of the Borrower shall be required solely for the payment of interest on the Bonds, it being understood that only the request of the Bondowner shall be required for such disbursement. Notwithstanding the foregoing, the Trustee may make an initial disbursement of amounts in the Construction Fund to an escrow held by an escrow or title company acceptable to the Bondowner, if requested in writing by the Borrower and the Bondowner.

(c) The Trustee shall maintain, or cause to be maintained, complete and accurate records regarding the disbursement of the proceeds of the Bonds in accordance with Section 3.02 hereof, and shall provide copies thereof to the Authority and the Borrower upon their written request. Additionally, the Trustee shall provide the Authority with a monthly statement regarding activity in each of the funds and accounts created under

this Indenture, including the Construction Fund and the Bond Fund in the immediately preceding month.

(d) None of the Trustee, the Bondowner or the Authority shall be responsible for the application by the Borrower of monies disbursed to the Borrower in accordance with this Section 3.03 or for the application by an escrow or title company of monies disbursed to the escrow or title company in accordance with this Section 3.03.

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

ARTICLE IV

REDEMPTION OF BONDS

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

- (a) The Bonds shall be subject to redemption in whole or in part on any date, at a price equal to the principal amount of Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, plus a premium equal in amount to any premium payable pursuant to the related Note or the Construction Loan Agreement in connection with the voluntary prepayment of the related Note in whole or in part by the Borrower, as permitted therein; provided, however, that any other charges then due and payable pursuant to the related Note, the Construction Loan Agreement or the Loan Agreement shall be paid in full (or, in connection with a partial redemption of the Bonds, paid in proportion to the amount of Bonds being so redeemed) on the redemption date.
- (b) The Bonds shall be subject to mandatory redemption in whole upon the occurrence of an Event of Default under and as defined in the Loan Agreement or the occurrence of an event of default under any other of the Loan Documents (subject to all applicable notice and cure provisions contained therein), but only at the written direction of the Bondowner, at a redemption price equal to the principal amount of all of the Bonds then Outstanding, plus accrued interest thereon to the date of redemption, plus any applicable prepayment premium, as may be provided in the related Note or the Construction Loan Agreement.
- (c) The Bonds shall be subject to mandatory redemption, at the direction of the Bondowner (given in accordance with the Loan Agreement, the Construction Loan Agreement or the Deed of Trust), in whole or in part on any date, from insurance proceeds received in connection with a partial or total casualty loss of the Project or a condemnation award in connection with a partial or complete taking of the Project, but only to the extent such proceeds or award are not used to repair, replace or restore the Project, at a price equal to the principal amount of Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption.
- (d) The Bonds shall be subject to redemption without notice to the extent of any principal payments received under the related Note on or prior to the Maturity Date.

The Bondowner is hereby authorized and directed, and hereby agrees, by written notice to the Trustee, the Borrower and the Authority, to fix the date for any such redemption, and, if Revenues are available, the Trustee shall redeem the Bonds so called on the date so fixed by the Bondowner. If for any reason there is more than one Bondowner as of any date of redemption, Bonds shall be redeemed pro rata among the Bondowners. So long as there is only one Bondowner, the Bondowner need not surrender its Bond in connection with any redemption of Bonds unless the Bonds are redeemed in whole.

Section 4.02. No Notice of Redemption. No notice of redemption of the Bonds need be given to the Bondowner by the Trustee, but the Bondowner shall give notice of any redemption under Section 4.01 to the Authority and the Borrower at the same time such notice is given to the Trustee.

Section 4.03. Effect of Redemption. If moneys for payment of the redemption price of the Bonds are being held by the Trustee, the Bonds so called for redemption shall, on the redemption date selected by the Bondowner, become due and payable at the redemption price specified herein, interest on the Bonds so called for redemption shall cease to accrue, said Bonds shall cease to be entitled to any lien, benefit or security under this Indenture, and the holders of the Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

ARTICLE V

REVENUES

Section 5.01. Pledge of Revenues. All of the Revenues are hereby irrevocably pledged to the punctual payment of the principal of, premium, if any, and interest on the Bonds. The Authority also hereby transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Bondowner, all of its right, title and interest in (a) the Revenues, but excluding any amounts calculated as excess investment earnings under Section 6.07 hereof, (b) all amounts on deposit in any fund or account created hereunder and held by the Trustee, but excluding any amounts calculated as excess investment earnings under Section 6.07 hereof, (c) the Loan Agreement (except for the Reserved Rights), (d) the Notes, and (e) any other amounts or agreements referenced in the Loan Agreement as security for the repayment of the Bonds.

All Revenues received by the Trustee and all amounts on deposit in the funds and accounts created hereunder and held by the Trustee shall be held in trust for the benefit of the holders from time to time of the Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes hereinafter set forth in this Article V.

None of the Authority, the members of the Board of Commissioners of the Authority, the directors, officers, officials, employees, attorneys or agents of the Authority, or any person executing the Bonds is liable personally on the Bonds or subject to any personal liability or accountability by reason of their issuance. The Bonds are limited obligations of the Authority, payable only as provided herein, and are not a general obligation, nor are they secured by a pledge of the faith and credit, of the Authority, the State or any of its political subdivisions, nor are the Bonds payable out of any funds or properties other than those of the Authority expressly pledged for the payment thereof under this Indenture. The Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limitation. The issuance of the Bonds shall not directly, indirectly, or contingently obligate the Authority, State of California or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

No recourse shall be had for the payment of the principal of or premium or interest on the Bonds against any past, present or future officer, official, director, employee or agent of the Authority, or of any successor thereto, as such, either directly or through the Authority or any successor to the Authority, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, officials, directors, employees or agents, as such, is hereby expressly waived and released as a condition of, and consideration for, the execution and issuance of the Bonds.

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

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

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

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

On each date on which principal of, premium, if any, or interest on the Bonds is due and payable, the Trustee shall pay such amount from the Bond Fund.

Section 5.03. Investment of Moneys. Except as otherwise provided in this Section 5.03, any moneys in any of the funds and accounts to be established by the Trustee pursuant to this Indenture shall be invested by the Trustee in Investment Securities selected and directed in a Written Request executed by an Authorized Borrower Representative, with respect to which payments of principal thereof and interest thereon are scheduled or otherwise payable not later than one day prior to the date on which it is estimated that such moneys will be required by the Trustee. In the absence of such a Written Request, the Trustee shall invest such moneys in the Investment Securities described in clause (f) of the definition of such term, provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received written direction of an Authorized Borrower Representative specifying a specific money market fund that satisfies the requirements of such subsection in which such investment is to be made and, if no such written direction is so received, the Trustee shall hold such moneys uninvested. The Trustee shall have no liability or responsibility for any loss resulting from any investment made in accordance with this Section 5.03.

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

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

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

The Trustee may make any and all investments permitted under this Section 5.03 through its own trust or banking department or any affiliate and may pay said department

reasonable, customary fees for placing such investments. The Trustee and its affiliates may act as principal, agent, sponsor, advisor or depository with respect to Investment Securities under this Section 5.03.

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

Section 5.04. Assignment to Trustee; Enforcement of Obligations. The Authority hereby transfers, assigns and sets over to the Trustee, for the benefit of the Bondowner, and the Trustee hereby accepts, all of the Revenues, all moneys at any time held in the funds and accounts established hereunder and any and all rights, privileges and obligations the Authority has under the Loan Agreement, the Deed of Trust and the other Loan Documents (except for the Authority's rights under Sections 2.3, 2.4, 4.1, 5.1(d), 5.1(e), 6.2, 6.3, 6.5, 6.6, 6.7, 6.14, 7.4, 8.2 and 8.3 of the Loan Agreement and except for amounts payable to the United States of America pursuant to Section 6.14(c) of the Loan Agreement, and any other Reserved Rights); and any Revenues that are collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee, and shall forthwith be paid by the Authority to the Trustee.

Upon the occurrence of an Event of Default, the Bondowner shall be entitled in its sole discretion, subject to the Reserved Rights, to take all steps, actions and proceedings: (a) to enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under, the Loan Agreement, the Construction Loan Agreement, the Regulatory Agreement, the Deed of Trust and any other Loan Documents, and (b) to request compliance with all covenants, agreements and conditions on the part of the Authority contained in this Indenture with respect to the Revenues.

ARTICLE VI

COVENANTS OF THE AUTHORITY

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

Section 6.02. Preservation of Revenues; Amendment of Documents. The Authority shall not take any action to interfere with or impair the pledge and assignment hereunder of Revenues and the assignment to the Trustee of rights of the Authority under the Loan Agreement and the Deed of Trust and other collateral documents, or the Bondowner's enforcement of any rights hereunder or thereunder, shall not take any action to impair the validity or enforceability of the Loan Agreement, the Deed of Trust or the other Loan Documents, and shall not waive any of its rights under or any other provision of or permit any amendment of the Loan Agreement, the Deed of Trust or the other Loan Documents, without the prior written consent of the Bondowner.

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

Section 6.04. Further Assurances. Whenever and so often as requested so to do by the Trustee, the Authority, at the expense of the Borrower, shall promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Bondholders all of the rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Indenture and to perfect and maintain as perfected such rights, interests, powers, benefits, privileges and advantages.

Section 6.05. No Arbitrage. The Authority shall not take, or permit or suffer to be taken by the Trustee, the Borrower or otherwise, any action with respect to the proceeds of the Tax-Exempt Bonds that, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

Section 6.06. Limitation of Expenditure of Proceeds. The Authority shall cause the Borrower to assure that the proceeds of the Tax-Exempt Bonds are used in a manner such that the Bonds will satisfy the requirements of section 142(d) of the Code relating to qualified residential rental projects. The Authority shall cause the Borrower to use (i) not less than 95 percent of the net proceeds of the Tax-Exempt Bonds (within the meaning of section 150(a)(3)

of the Code) for Qualified Project Costs and (ii) less than 25 percent of such amount, directly or indirectly, for the acquisition of land or an interest in land.

Section 6.07. Rebate of Excess Investment Earnings to United States. The Authority hereby covenants to cause the Borrower (solely by the inclusion of Section 6.14(c) in the Loan Agreement and Section 5(f) in the Regulatory Agreement) to calculate or cause to be calculated excess investment earnings to the extent required by Section 148(f) of the Code and the Borrower shall cause payment of an amount equal to excess investment earnings to the United States in accordance with the Regulations, all at the sole expense of the Borrower.

Section 6.08. Limitation on Issuance Costs. The Authority shall cause the Borrower not to use, from the proceeds of the Tax-Exempt Bonds and investment earnings thereon, an amount not in excess of exceed two percent (2%) of the proceeds of the Tax-Exempt Bonds, for costs of issuance of the Tax-Exempt Bonds, all within the meaning of section 147(g)(1) of the Code. For this purpose, if the fees of the initial Bondowner are retained as a discount on the purchase of the Tax-Exempt Bonds, such retention shall be deemed to be an expenditure of Proceeds of the Tax-Exempt Bonds for said fees.

Section 6.09. Federal Guarantee Prohibition. The Authority shall take no action if the result of the same would be to cause the Tax-Exempt Bonds to be "federally guaranteed" within the meaning of the Code.

Section 6.10. Prohibited Facilities. The Authority shall cause the Borrower not to use proceeds of the Tax-Exempt Bonds directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and not to use any portion of the proceeds of the Tax-Exempt Bonds for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

Section 6.11. Maintenance of Tax Exemption. The Authority shall cause the Borrower to take all actions necessary to assure the exclusion of interest on the Tax-Exempt Bonds from the gross income of the owners of the Tax-Exempt Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Tax-Exempt Bonds.

Section 6.12. Private Activity Bond Volume Cap. The Tax-Exempt Bonds upon issuance and delivery shall be considered "private activity bonds" within the meaning of the Code with respect to which the California Debt Limit Allocation Committee has transferred a portion of the State of California's private activity bond allocation (within the meaning of section 146 of the Code) equal to the principal amount of the Tax-Exempt Bonds.

Section 6.13. Existing Facilities. The Authority shall cause the Borrower not to use proceeds of the Tax-Exempt Bonds for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in section 145(d) of the Code) with respect to such building equal or exceed 15 percent of the portion of the cost of acquiring such building (and equipment) financed with proceeds of the Tax-Exempt Bonds; and provided, further, that this limitation shall not apply with respect to any structure other than

a building if rehabilitation expenditures with respect to such structure equal or exceed 100 percent of the portion of the cost of acquiring such structure financed with the proceeds of the Tax-Exempt Bonds.

Section 6.14. Income Targeting. The Authority hereby elects to have the Project meet the requirements of section 142(d)(1)(B) of the Code in that forty percent (40%) or more of the residential units in the Project shall be occupied by persons or families whose Adjusted Income (as defined in the Regulatory Agreement) is sixty percent (60%) or less of Median Income for the Area (as defined in the Regulatory Agreement), adjusted for household size. The Authority shall comply with the terms of the Regulatory Agreement.

Section 6.15. Immunities and Limitations of Responsibility of the Authority.

(a) The Authority shall be entitled to the advice of counsel (who, except as otherwise provided, may be counsel for any Bondholder), and the Authority shall be wholly protected as to action taken or omitted in good faith in reliance on such advice. The Authority may rely conclusively on any communication or other document furnished to it hereunder and reasonably believed by it to be genuine. The Authority shall not be liable for any action (a) taken by it in good faith and reasonably believed by it to be within its discretion or powers hereunder, or (b) in good faith omitted to be taken by it because such action was reasonably believed to be beyond its discretion or powers hereunder, or (c) taken by it pursuant to any direction or instruction by which it is governed hereunder, or (d) omitted to be taken by it by reason of the lack of any direction or instruction required hereby for such action; nor shall it be responsible for the consequences of any error of judgment reasonably made by it. The Authority shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any person, except its own officers and employees. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The Authority shall not be required to take any remedial action (other than the giving of notice) unless indemnity in a form acceptable to the Authority is furnished for any expense or liability to be incurred in connection with such remedial action, other than liability for failure to meet the standards set forth in this Section 6.15. The Authority shall be entitled to reimbursement from the Borrower for its expenses reasonably incurred or advances reasonably made, with interest at the rate of interest on the Bonds, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which the Authority may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power.

(b) In furtherance of the covenants in Sections 6.05, 6.06, 6.07, 6.08, 6.09, 6.10, 6.11, 6.12, 6.13, 6.14 and 6.15 hereof, the Authority, the Trustee and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which are by this reference incorporated into this Indenture and made a part of this Indenture as if set forth in this Indenture in full. In the event of a conflict between the terms of this Indenture and the Tax Certificate, the terms of the Tax Certificate shall control. In making the representations and agreements set forth in Sections 6.05, 6.06, 6.08, 6.09, 6.10, 6.11, 6.12, 6.13, 6.14 and 6.15, the Authority is relying solely upon the representations and warranties of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate. A default by the Borrower in any of its covenants, representations and agreements in the Loan Agreement, Regulatory

Agreement or Tax Certificate upon which the Authority is relying in the various sections of this Article VI shall not be considered a default hereunder by the Authority.

(c) The Borrower has indemnified the Authority against certain acts and events as set forth in Section 7 of the Regulatory Agreement. Such indemnity shall survive payment of the Bonds and discharge of the Indenture.

ARTICLE VII

DEFAULT

Section 7.01. Events of Default; Acceleration; Waiver of Default. Each of the following events shall constitute an "Event of Default" hereunder:

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

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

The Investor Limited Partner and Special Limited Partner (as defined in the Construction Loan Agreement) shall be entitled (but not obligated) to cure any Event of Default hereunder within the time frame provided to the Borrower hereunder. The Authority and the Trustee agree that cure of any default or Event of Default made or tendered by the Investor Limited Partner and/or Special Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

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

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as

hereinafter provided, there shall have been deposited with the Trustee a sum sufficient to pay all the principal of the Bonds matured or required to be redeemed prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal, and the reasonable fees and expenses of the Trustee, its agents and counsel, and any and all other defaults actually known to a Responsible Officer of the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Bondowner to be adequate shall have been made therefor, then the Bondowner, by written notice to the Authority and the Trustee, may rescind and annul such declaration and its consequences and waive such default; but no such rescission, annulment or waiver shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

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

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

First: For payment of all amounts due to the Trustee under Section 8.06.

Second: For deposit in the Bond Fund to be applied to payment of the principal of all Bonds then due and unpaid and interest thereon with application as between principal and interest as the Bondowner shall determine in its sole discretion.

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

Fourth: To the Borrower.

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

respect to the trust estate; and all remedies, rights and powers of the Authority, the Trustee and the owner of the Bonds shall continue as though no such proceedings had been taken.

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

Section 7.06. Covenant to Pay Bonds in Event of Default. The Authority covenants that, upon the happening of any Event of Default, the Authority will pay to the Trustee upon demand, but only out of Revenues, for the benefit of the holders of the Bonds, the whole amount then due and payable thereon (by declaration or otherwise) for interest or for principal, or both, as the case may be, and all other sums that may be due hereunder or secured hereby, including reasonable compensation to the Trustee, its agents and counsel, and any expenses or liabilities incurred by the Trustee or the Bondowner hereunder. In case the Authority shall fail to pay the same forthwith upon such demand, the Trustee, at the written direction of the Bondowner, as trustee of an express trust, and upon being indemnified by the Bondowner to its satisfaction, shall be entitled to institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, together with costs and reasonable attorneys' fees, subject, however, to the condition that such judgment, if any, shall be limited to, and payable solely out of Revenues and any other assets pledged, transferred or assigned to the Trustee under Section 5.04 as herein provided and not otherwise. The Bondowner shall be entitled to recover such judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of this Indenture, and the right of the Bondowner to recover such judgment shall not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture.

Section 7.07. Appointment of Servicer. The Authority and the Trustee acknowledge and agree that Bondowner shall have the right to appoint a servicer (the "Servicer") to service and administer the Loan and act as Bondowner's agent with respect to its interests, rights and obligations as set forth in the Construction Loan Agreement and other Loan Documents and with respect to the Bonds. The Bondowner shall deliver written notice of any such appointment to the Authority, the Trustee and the Borrower, together with notice of any and all rights and duties assigned and delegated by the Bondowner to the Servicer in connection therewith. The Bondowner may, in its sole discretion, terminate or replace the Servicer and shall deliver notice thereof to the Authority, the Trustee and the Borrower. Neither the Authority nor the Trustee shall be responsible for monitoring the performance of the Servicer or for any acts or omissions of the Servicer.

Section 7.08. Power of Bondowner to Control Proceedings. Notwithstanding any other provision of this Indenture, the Bondowner shall have exclusive control of the remedies set forth herein upon an Event of Default by the Borrower or the Authority. In the event that the Bondowner, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, it shall have full power, in the exercise of its sole discretion for the best interests of the holders of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action.

Section 7.09. Limitation on Trustee's Right to Sue. The Trustee shall not have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, except upon the written consent or direction of the Bondowner. The right of the

owner of the Bonds to receive payment of the principal of (and premium, if any) and interest on such Bond out of Revenues, as herein and therein provided, on and after the respective due dates expressed in such Bond shall not be impaired or affected without the consent of the Bondowner, notwithstanding the foregoing or any other provision of this Indenture.

Section 7.10. Limitation of Liability to Revenues. Notwithstanding anything herein or in any other instrument to the contrary, the Authority shall not be required to advance any moneys derived from the proceeds of taxes collected by the Authority, by the State of California or by any political subdivision thereof or from any source of income of any of the foregoing other than the Revenues for any of the purposes mentioned in this Indenture, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture. The Bonds are limited obligations of the Authority and are payable from and secured by the Revenues only.

ARTICLE VIII

THE TRUSTEE AND AGENTS

Section 8.01. Duties, Immunities and Liabilities of Trustee. In consideration of the recitals hereinabove set forth and for other valuable consideration, the Authority hereby agrees to employ the Trustee to receive, hold, invest and disburse the moneys received pursuant to the Loan Agreement for credit to the various funds and accounts established by this Indenture; to execute, deliver and transfer the Bonds; and to apply and disburse the payments received from the Borrower pursuant to the Loan Agreement to the Owners of Bonds; and to perform certain other functions; all as herein provided and subject to the terms and conditions of this Indenture. The Trustee shall perform such duties and only such duties as are specifically set forth in this Indenture and no additional covenants or duties of the Trustee shall be implied in this Indenture.

The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as reasonable persons familiar with such matters would exercise or use under similar circumstances in the conduct of their own affairs.

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

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

(b) At all times (1) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or officers or by any agent or attorney of the Trustee appointed with due care unless (except as otherwise provided in Section 8.02(e)) the Trustee was negligent in ascertaining the pertinent facts; and (2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Authority, accompanied by an opinion of Bond Counsel as provided herein or in accordance with the directions of the holders of not less than a majority, or such other percentage as may be required hereunder, in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture;

(c) The Trustee shall not be required to take notice or be deemed to have notice of (i) any default hereunder or under the Loan Agreement, except defaults under Section 7.01(a) or (b) hereof, unless a Responsible Officer of the Trustee shall be specifically notified in writing of such default by the Authority or the owners of at least a majority in aggregate principal amount of all Bonds then Outstanding, or (ii) any default under the Regulatory Agreement unless a Responsible Officer of the Trustee shall be specifically notified in writing of such default by the Authority;

(d) Before taking any action under Article VII hereof or this Section 8.01 at the request or direction of the Bondholders, the Trustee may require that a satisfactory indemnity bond be furnished by the Bondholders, for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken;

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

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

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

(h) The Trustee shall be entitled to rely upon telephonic notice for all purposes whatsoever so long as the Trustee reasonably believes such telephonic notice has been given by a person authorized to give such notice;

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

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

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

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

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

(n) The Trustee acknowledges that Borrower has an obligation to pay certain fees to the Authority pursuant to Section 17 of the Regulatory Agreement. The Trustee further acknowledges that in order to preserve the tax-exempt status of the Bonds, the Borrower must comply with requirements for rebate of excess investment earnings to the

federal government to the extent applicable. The Trustee agrees to send the Borrower a notification or reminder of the Borrower's obligation to rebate excess investment earnings by the date which is sixty (60) days after the earlier of the Tax-Exempt Bond maturity date or date the Tax-Exempt Bonds are paid in full, said notice to be given by the Trustee on the earlier of the maturity date or date of payment in full of the Tax-Exempt Bonds. However, in no event shall the Trustee be liable to the Authority, the Bondowner or the Borrower for the failure to so notify or remind the Borrower.

(o) Without limiting the duties of the Trustee expressly set forth in this Indenture, the Trustee shall have no obligation or responsibility whatsoever in connection with (i) any federal or state tax-exempt status of the Bonds or the interest thereon; (ii) the consequences of investment or non-investment of any funds or accounts relating to the Tax-Exempt Bonds under Section 148 of the Code; (iii) the calculation of any amount required to be rebated to the United States under Section 148 of the Code; or (iv) compliance by the Authority or the Borrower with the provisions of the Tax Certificate.

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

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

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

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

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

(d) Whenever in the administration of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority; and such Certificate of the Authority shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof; and

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

Section 8.03. Trustee Not Responsible for Recitals. The recitals contained herein and in the Bonds shall be taken as the statements of the Authority, and the Trustee assumes no responsibility for the correctness of the same or for the correctness of the recitals in the Loan Agreement or the Regulatory Agreement. The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Bonds. The Trustee makes no representations as to the value or condition of any assets pledged or assigned as security for the Bonds, or as to the right, title or interest of the Authority therein, or as to the security provided thereby or by this Indenture, the Loan Agreement, the Deed of Trust or the other Loan Documents, or as to the compliance of the Project with the Act, or as to the tax-exempt status of the Bonds, or as to the technical or financial feasibility of the Project, or as to the validity or sufficiency of this Indenture as an instrument of the Authority or of the Bonds as obligations of the Authority. The Trustee shall not be accountable for the use or application by the Authority of any of the Bonds authenticated or delivered hereunder or of the use or application of the proceeds of such Bonds by the Authority or the Borrower or their agents.

Section 8.04. Intervention by Trustee. The Trustee may intervene on behalf of the owners of the Bonds in any judicial proceeding to which the Authority is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of owners of the Bonds and, subject to the provisions of Section 8.01(d), but shall do so only if requested in writing by the Bondholders.

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

Section 8.06. Compensation and Indemnification of Trustee and Agents.

(a) The Trustee shall be entitled to receive compensation from the Borrower for its services as Trustee, as provided in Section 5.1(f) of the Loan Agreement, and shall be indemnified by the Borrower as provided in Section 7 of the Regulatory Agreement. The Trustee acknowledges and agrees that, unless otherwise specifically agreed to in writing by the Authority (in the Authority's sole and absolute discretion), the Authority shall not be responsible for the fees and expenses of the Trustee, and is providing no indemnification to the Trustee.

(b) If any property, other than cash, shall at any time be held by the Trustee subject to this Indenture, or any supplemental indenture, as security for the Bonds, the Trustee, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds, shall be entitled to but not obligated to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The

rights of the Trustee to compensation for services and to payment or reimbursement for expenses, disbursements, liabilities and advances shall have and is hereby granted a lien and a security interest prior to the Bonds in respect of all property and funds held or collected by the Trustee as such, except funds held in trust by the Trustee in the Bond Fund, which amounts shall be held solely for the benefit of the Bondholders and used only for the payment of principal of and premium, if any, and interest on the Bonds. The Trustee's rights to immunities, indemnities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive the Trustee's resignation or removal and final payment of the Bonds.

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

(a) either (i) have a combined capital and surplus of at least \$100,000,000 and be subject to supervision or examination by federal or state authority, or (ii) be a wholly-owned subsidiary of a bank, trust company or bank holding company meeting on an aggregate basis the tests set out in clause (i); and

(b) be able to comply with the terms and conditions of this Indenture and to comply with the terms of the Loan Agreement applicable thereto.

If such corporation, banking association, or trust company publishes reports of conditions at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 8.07 the combined capital and surplus of such corporation, banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 8.07, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.08(b) below.

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

(a) *Removal of Trustee.* The Authority may in its discretion remove the Trustee at any time upon its own initiative or at the written request of the Bondowner and shall remove the Trustee if at any time the Trustee shall cease to be eligible in accordance with Section 8.07 hereof, or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or any substantial portion thereof or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon the Authority shall appoint a successor Trustee by an instrument in writing. Any successor Trustee appointed by the Authority under Section 8.08(c) of this Indenture shall be subject to the approval of the Bondowner, which approval shall not unreasonably be withheld or delayed.

(b) *Resignation of Trustee.* The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the Authority and to the Bondowner. Upon receiving such notice of resignation, the Authority shall appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment, other than pursuant to court order.

(c) *Appointment of Successor Trustee.* Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon the acceptance of appointment of the successor Trustee; provided, however, that under any circumstances the successor Trustee shall be qualified as provided in subsection (a) of this Section 8.08. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or the Bondholder may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and its predecessor Trustee a written acceptance thereof, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the written request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance, including a quitclaim deed, and further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trust and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the successor Trustee shall mail, by first class mail, postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Bondholders at the addresses shown on the registration books.

Section 8.09. Merger or Consolidation of Trustee. Any organization or entity into which the Trustee may be merged or converted or with which it may be consolidated, or any organization or entity resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any organization or entity succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such organization or entity shall be otherwise qualified and eligible under the provisions of the first sentence of Section 8.07, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

Section 8.10. Paying Agents. The Trustee, with the written approval of the Authority and the Bondowner, may appoint and at all times have one or more paying agents in such place or places as the Trustee may designate, for the payment of the principal of, and the interest (and premium, if any) on, the Bonds. It shall be the duty of the Trustee to make such arrangements with any such paying agent as may be necessary and feasible to assure, to the extent of the moneys held by the Trustee for such payment, the availability of funds for the prompt payment of the principal of and interest and premium, if any, on the Bonds presented at either place of payment. The paying agent initially appointed hereunder is the Trustee.

ARTICLE IX

MODIFICATION OF INDENTURE

Section 9.01. Modification of Indenture. The Authority and the Trustee, with the prior written consent of the Bondowner, may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture. Upon receipt of the consent of the Bondowner thereto, the Authority and the Trustee may execute any such supplemental indenture, unless such supplemental indenture affects the rights or obligations of the Borrower or any general partner or limited partner of the Borrower hereunder or under the Loan Agreement or any other document, in which case the Authority and the Trustee may enter into such supplemental indenture only if they have received the Borrower's, or such general partner's or limited partner's, as applicable, written consent thereto.

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

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

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

ARTICLE X

DEFEASANCE

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

- (a) by the payment of the principal of (including redemption premium, if any) and interest on all Bonds Outstanding; or
- (b) by the delivery to the Trustee, for cancellation by it, of all Bonds Outstanding;

and if all other sums payable hereunder by the Authority shall be paid and discharged, then and in that case this Indenture shall cease, terminate and become null and void, and the Trustee shall forthwith execute proper instruments acknowledging satisfaction of and discharging this Indenture. The fees, expenses and charges of the Trustee (including reasonable counsel fees) must be paid in order to effect such discharge. The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the Borrower for any expenditures which it may thereafter incur in connection herewith.

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

Section 10.02. Payment of Bonds after Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys deposited with the Trustee or any paying agent in trust for the payment of the principal of, or interest or premium on, any Bonds remaining unclaimed for two (2) years after the principal of all the Outstanding Bonds has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture), shall then be paid to the Authority, and the holders of such Bonds shall thereafter be entitled to look only to the Authority for payment thereof, and only to the extent of the amount so paid to the Authority, and all liability of the Trustee or any paying agent with respect to such moneys shall thereupon cease. In the event of the payment of any such moneys to the Authority as aforesaid, the holders of the Bonds in respect of which such moneys were deposited shall thereafter be deemed to be unsecured creditors of the Authority for amounts equivalent to the respective amounts deposited for the payment of such Bonds and so paid to the Authority (without interest thereon).

ARTICLE XI

MISCELLANEOUS

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

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

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

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

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

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

The Trustee:

U.S. Bank Trust Company, National Association
633 W. Fifth Street, 24th Floor
Los Angeles, California, 90071
Attention: Global Corporate Trust
Reference: Levant Senior Cottages

The Authority:

Housing Authority of the City of San Diego
1122 Broadway, Suite 300
San Diego, California 92101
Attention: Colin Miller
Telecopier: (619) 578-7536

with copies to (none of which
copies shall constitute notice to
the Authority):

Office of the San Diego City Attorney
1200 Third Avenue, Suite 1100
San Diego, California 92101
Attention: Marguerite Middaugh
Telecopier: (619) 236-7215

The Bondowner:

JP Morgan Chase Bank, N.A.
300 S. Grand Avenue, Suite 300
Los Angeles, California 90071
Attention: Eri Kameyama

with a copy to:

FisherBroyles LLP
3777 Long Beach Boulevard, Suite 280
Long Beach, California 90807
Attention: John Opgenorth, Esq.

The Borrower:

Levant Senior Cottages LP
c/o Wakeland Housing and Development
Corporation
1230 Columbia Street, Suite 950
San Diego, California 92101
Attention: President

with a copy to:

Goldfarb & Lipman LLP
1300 Clay Street, 11th Floor
Oakland, California 94612
Attention: Heather Gould, Esq.

with a copy to:

Schneider & Branch LLP
225 Broadway, Suite 400
San Diego, California 92101
Attention: Michael Branch, Esq.

The Investor Limited Partner:

BF Levant Senior Cottages, LLLP
c/o Boston Financial Investment Management, LP
101 Arch Street, 13th Floor
Boston, Massachusetts 02110
Attention: Asset Management

BFIM Special Limited Partner, Inc.
c/o Boston Financial Investment Management, LP
101 Arch Street, 13th Floor
Boston, Massachusetts 02110
Attention: Asset Management

with a copy to:

Holland & Knight LLP
10 St. James Ave., 11th Floor
Boston, Massachusetts 02116
Attention: Kristen Cassetta, Esq.

The Authority, the Trustee, the Bondowner, the Borrower and the Investor Limited Partner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Copies of all notices provided to Borrower under the Loan Documents shall also be provided to the Investor Limited Partner at the address provided in this Section 11.06.

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

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

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

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

(d) Any request, consent or vote of the holder of any Bond shall bind every future holder of the same Bond and the holder of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in pursuance of such request, consent or vote.

(e) In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the Authority or by any other direct or indirect obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or

indirect common control with, the Authority or any other direct or indirect obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided that, for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee, as applicable, knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this subsection (d) if the pledgee shall establish to the satisfaction of the Trustee and the Authority the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other direct or indirect obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Solely for purposes of the limitation expressed in this paragraph (d), the Borrower shall be deemed to be an indirect obligor on the Bonds.

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

Section 11.09. Waiver of Personal Liability. No officer, official, agent, member of the Board of Commissioners or employee of the Authority, and no officer, official, agent or employee of the State of California or any department, board or agency of any of the foregoing, shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such person from the performance of any official duty provided by law or by this Indenture.

Section 11.10. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the date provided therefor in this Indenture and, in the case of any payment, no interest shall accrue for the period from and after such date.

Section 11.11. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

Section 11.12. Governing Law, Venue. The formation, interpretation and performance of this Indenture shall be governed by the laws of the State of California. Venue for all litigation arising from or in connection with the Bonds or this Indenture shall be in San Diego, California.

Section 11.13. Successors. Whenever in this Indenture either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.14. Non-Waiver of Rights. The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms,

covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

Section 11.15. Assignment or Delegation by Trustee. The services to be performed by Trustee are personal in character and neither this Indenture nor any duties or obligations of the Trustee hereunder may be assigned or delegated by the Trustee unless first approved by the Authority by written instrument executed and approved in the same manner as this Indenture.

IN WITNESS WHEREOF, the Authority has caused these presents to be executed in its name by its duly authorized official; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name by its duly authorized officer, as of the date first above written.

HOUSING AUTHORITY OF THE CITY OF
CITY OF SAN DIEGO

By: _____

Richard C. Gentry
Executive Director

ATTEST:

Scott Marshall
Deputy Secretary

[Signature Page to Indenture of Trust – Levant Senior Cottages]

U.S. Bank Trust Company, National
Association, as Trustee

By: _____
Authorized Signatory

[Signature Page to Indenture of Trust – Levant Senior Cottages]

EXHIBIT A-1
FORM OF TAX-EXEMPT BOND

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THIS BOND MAY BE OWNED ONLY BY A SOPHISTICATED INVESTOR IN ACCORDANCE WITH THE TERMS OF THE INDENTURE, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND (A) REPRESENTS THAT IT IS A SOPHISTICATED INVESTOR AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS BOND TO ANOTHER SOPHISTICATED INVESTOR IN ACCORDANCE WITH THE TERMS OF THE INDENTURE.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(LEVANT SENIOR COTTAGES)
SERIES 2022D-1

REGISTERED OWNER:

PRINCIPAL SUM: UP TO TWENTY-TWO MILLION, EIGHT HUNDRED SEVENTY-SEVEN THOUSAND DOLLARS (\$22,877,000)

The Housing Authority of the City of San Diego (herein called the "Authority"), a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California, for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the Registered Owner identified above or registered assigns, on [] 1, 20[] (subject to prior redemption as provided in the Indenture) the sum of up to Twenty-two Million, Eight Hundred Seventy-Seven Thousand Dollars (\$22,877,000) in lawful money of the United States, with interest thereon from the date of disbursement from time to time of the purchase price hereof until paid at the rates described below. The actual unpaid principal hereof shall be equal to the funds advanced by the owners of the Bonds in respect of the purchase price thereof, less any portion of the principal hereof paid or redeemed pursuant to the Indenture. Capitalized terms used in this Bond and not defined herein shall have the meanings given such terms in the Indenture referenced below, or in the Construction Loan Agreement (as defined in the Indenture).

The Bonds shall bear interest, payable on each Interest Payment Date, at the same rate of interest as described in and determined under the Construction Loan Agreement. Notwithstanding the foregoing, upon the occurrence of an Event of Default hereunder or under the Loan Agreement, or the occurrence of an event of default under any of the other Loan Documents, the Bonds shall bear interest at the Default Rate (as defined in the Tax-Exempt Note).

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

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

This Bond is one of a duly authorized issue of bonds of the Authority designated as "Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Levant Senior Cottages), Series 2022D-1" (the "Bonds"), in the aggregate principal amount of up to \$22,877,000, authorized to be issued pursuant to and in accordance with Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code, as amended (the "Act"), and issued under and secured by an Indenture of Trust, dated as of [] 1, 2022 (the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities the Trustee, and of the rights and obligations of the Authority thereunder, to all of the provisions of which Indenture the holder of this Bond, by acceptance hereof, assents and agrees. The proceeds of the Bonds will be used to make a loan to the Borrower pursuant to a Loan Agreement, dated as of [] 1, 2022 (the "Loan Agreement"), by and between the Authority and the Borrower, and under the terms of a Construction Loan Agreement, dated as of [] 1, 2022, between the Borrower and the owner of the Bonds, all in order to finance the acquisition, construction and development of a residential rental project in the City of San Diego.

NONE OF THE AUTHORITY, THE MEMBERS OF ITS BOARD OF COMMISSIONERS, THE OFFICERS, OFFICIALS, EMPLOYEES, ATTORNEYS OR AGENTS OF THE AUTHORITY, OR ANY PERSON EXECUTING THE BONDS IS LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE ONLY AS PROVIDED IN THE INDENTURE, AND ARE NOT A GENERAL OBLIGATION, NOR ARE THEY SECURED BY A PLEDGE OF THE FAITH AND CREDIT, OF THE AUTHORITY OR THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER ARE THEY LIABLE ON THE BONDS, NOR ARE THE BONDS PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY EXPRESSLY PLEDGED FOR THE PAYMENT THEREOF UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE AUTHORITY OR THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

NO RE COURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS BOND AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, OFFICIAL, DIRECTOR, EMPLOYEE, AGENT, OR MEMBER OF THE BOARD OF COMMISSIONERS OF THE AUTHORITY, OR OF ANY SUCCESSOR THERETO, AS SUCH, EITHER DIRECTLY OR THROUGH THE AUTHORITY OR ANY SUCCESSOR TO THE AUTHORITY, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, OFFICIALS, DIRECTORS, EMPLOYEES, AGENTS OR MEMBERS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

The Bonds are limited obligations of the Authority and, as and to the extent set forth in the Indenture, are payable solely from, and secured by a pledge of and lien on, the Revenues (as that term is defined in the Indenture), consisting primarily of amounts paid by the Borrower pursuant to the Loan Agreement.

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

Notwithstanding any provision of this Bond or the Loan Agreement to the contrary, the Authority shall be permitted to direct Tax-Exempt Note prepayments to be transferred to a custodian or trustee selected by the Authority, in lieu of application to prepay a like portion of this Bond, so long as the Authority simultaneously causes other funds to be applied to prepay such portion of this Bond. The preceding provisions shall apply only for purposes of preserving or "recycling" private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture.

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

The schedule of drawings attached as Exhibit A hereto shall be used to record the payment of the purchase price of the Bonds from time to time (such purchase price to be paid from time to time by the owners of the Bonds as provided in the Indenture), which shall evidence the principal amount of the Bonds purchased by the owners of the Bonds from time to time. Any advanced funds shall be credited toward the purchase price of the Bonds on the schedule of drawings attached hereto as Exhibit A. The total amount outstanding under the Bonds may not exceed \$22,877,000 at any time and no portion of the purchase price therefor shall be accepted after the first to occur of (i) the Maturity Date (or earlier redemption of all of the Bonds), or (ii) December 31, 2025.

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

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

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

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

IN WITNESS WHEREOF, the Housing Authority of the City of San Diego has caused this Bond to be executed in its name by the manual or facsimile signature of its Executive Director and attested by the manual or facsimile signature of its Secretary.

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____
Executive Director

ATTEST:

Secretary

[SEAL]

FORM OF CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and has been authenticated and registered on _____, 20__.

U.S. Bank Trust Company, National Association, as
Trustee

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

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

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint

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

Dated: _____

Signature Guaranteed:

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

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

EXHIBIT A
SCHEDULE OF DRAWINGS

<u>Purchase Amount</u>	<u>Purchase Date</u>	<u>Outstanding Principal</u>	<u>Signature of Registered Owner</u>
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EXHIBIT A-2
FORM OF TAXABLE BOND

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THIS BOND MAY BE OWNED ONLY BY A SOPHISTICATED INVESTOR IN ACCORDANCE WITH THE TERMS OF THE INDENTURE, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND (A) REPRESENTS THAT IT IS A SOPHISTICATED INVESTOR AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS BOND TO ANOTHER SOPHISTICATED INVESTOR IN ACCORDANCE WITH THE TERMS OF THE INDENTURE.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(LEVANT SENIOR COTTAGES)
SERIES 2022D-2 (TAXABLE)

REGISTERED OWNER:

PRINCIPAL SUM: UP TO [D-2 AMOUNT] DOLLARS (\$[D-2 AMOUNT])

The Housing Authority of the City of San Diego (herein called the "Authority"), a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California, for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the Registered Owner identified above or registered assigns, on [_____] 1, 20[_____] (subject to prior redemption as provided in the Indenture) the sum of up to [D-2 Amount] Dollars (\$[D-2 Amount]) in lawful money of the United States, with interest thereon from the date of disbursement from time to time of the purchase price hereof until paid at the rates described below. The actual unpaid principal hereof shall be equal to the funds advanced by the owners of the Bonds in respect of the purchase price thereof, less any portion of the principal hereof paid or redeemed pursuant to the Indenture. Capitalized terms used in this Bond and not defined herein shall have the meanings given such terms in the Indenture referenced below, or in the Construction Loan Agreement (as defined in the Indenture).

The Bonds shall bear interest, payable on each Interest Payment Date, at the same rate of interest as described in and determined under the Construction Loan Agreement. Notwithstanding the foregoing, upon the occurrence of an Event of Default hereunder or under the Loan Agreement, or the occurrence of an event of default under any of the other Loan Documents, the Bonds shall bear interest at the Default Rate (as defined in the Taxable Note).

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

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

This Bond is one of a duly authorized issue of bonds of the Authority designated as "Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Levant Senior Cottages), Series 2022D-2 (Taxable)" (the "Bonds"), in the aggregate principal amount of up to \$[D-2 Amount], authorized to be issued pursuant to and in accordance with Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code, as amended (the "Act"), and issued under and secured by an Indenture of Trust, dated as of [] 1, 2022 (the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities the Trustee, and of the rights and obligations of the Authority thereunder, to all of the provisions of which Indenture the holder of this Bond, by acceptance hereof, assents and agrees. The proceeds of the Bonds will be used to make a loan to the Borrower pursuant to a Loan Agreement, dated as of [] 1, 2022 (the "Loan Agreement"), by and between the Authority and the Borrower, and under the terms of a Construction Loan Agreement, dated as of [] 1, 2022, between the Borrower and the owner of the Bonds, all in order to finance the acquisition, construction and development of a residential rental project in the City of San Diego.

NONE OF THE AUTHORITY, THE MEMBERS OF ITS BOARD OF COMMISSIONERS, THE OFFICERS, OFFICIALS, EMPLOYEES, ATTORNEYS OR AGENTS OF THE AUTHORITY, OR ANY PERSON EXECUTING THE BONDS IS LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE ONLY AS PROVIDED IN THE INDENTURE, AND ARE NOT A GENERAL OBLIGATION, NOR ARE THEY SECURED BY A PLEDGE OF THE FAITH AND CREDIT, OF THE AUTHORITY OR THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER ARE THEY LIABLE ON THE BONDS, NOR ARE THE BONDS PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY EXPRESSLY PLEDGED FOR THE PAYMENT THEREOF UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE AUTHORITY OR THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

NO RE COURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS BOND AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, OFFICIAL, DIRECTOR, EMPLOYEE, AGENT, OR MEMBER OF THE BOARD OF COMMISSIONERS OF THE AUTHORITY, OR OF ANY SUCCESSOR THERETO, AS SUCH, EITHER DIRECTLY OR THROUGH THE AUTHORITY OR ANY SUCCESSOR TO THE AUTHORITY, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, OFFICIALS, DIRECTORS, EMPLOYEES, AGENTS OR MEMBERS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

The Bonds are limited obligations of the Authority and, as and to the extent set forth in the Indenture, are payable solely from, and secured by a pledge of and lien on, the Revenues

(as that term is defined in the Indenture), consisting primarily of amounts paid by the Borrower pursuant to the Loan Agreement.

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

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture.

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

The schedule of drawings attached as Exhibit A hereto shall be used to record the payment of the purchase price of the Bonds from time to time (such purchase price to be paid from time to time by the owners of the Bonds as provided in the Indenture), which shall evidence the principal amount of the Bonds purchased by the owners of the Bonds from time to time. Any advanced funds shall be credited toward the purchase price of the Bonds on the schedule of drawings attached hereto as Exhibit A. The total amount outstanding under the Bonds may not exceed \$[D-2 Amount] at any time and no portion of the purchase price therefor shall be accepted after the first to occur of (i) the Maturity Date (or earlier redemption of all of the Bonds), or (ii) December 31, 2025.

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

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

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

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

IN WITNESS WHEREOF, the Housing Authority of the City of San Diego has caused this Bond to be executed in its name by the manual or facsimile signature of its Executive Director and attested by the manual or facsimile signature of its Secretary.

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____
Executive Director

ATTEST:

Secretary

[SEAL]

FORM OF CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and has been authenticated and registered on _____, 20__.

U.S. Bank Trust Company, National Association, as
Trustee

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

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

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint

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

Dated: _____

Signature Guaranteed:

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

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

EXHIBIT A
SCHEDULE OF DRAWINGS

<u>Purchase Amount</u>	<u>Purchase Date</u>	<u>Outstanding Principal</u>	<u>Signature of Registered Owner</u>
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EXHIBIT B
FORM OF INVESTOR'S LETTER

[Date]

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

U.S. Bank Trust Company, National Association, as Trustee
633 W. Fifth Street, 24th Floor
Los Angeles, California, 90071
Attention: Global Corporate Trust

\$22,877,000

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(LEVANT SENIOR COTTAGES)
SERIES 2022D-1

\$[D-2 AMOUNT]

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(LEVANT SENIOR COTTAGES)
SERIES 2022D-2 (TAXABLE)

Ladies and Gentlemen:

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

1. The Investor proposes to purchase the above-captioned bonds (the "Bonds") issued pursuant to that certain Indenture of Trust, dated as of [] 1, 2022 (the "Indenture"), by and between the Housing Authority of the City of San Diego (the "Authority") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Investor understands that the Bonds are not rated by any securities rating agency, and will only be sold to the Investor with the above-addressed parties relying upon the representations and warranties of the Investor set forth herein. The Investor acknowledges that no offering document has been prepared in connection with the issuance and sale of the Bonds. The Investor has requested and received all materials which the Investor has deemed relevant in connection with its purchase of the Bonds (the "Offering Information"). The Investor has reviewed the documents executed in conjunction with the issuance of the Bonds, including, without limitation, the Indenture and the Loan Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

2. The Investor hereby waives the requirement of any "due diligence investigation or inquiry" by the Authority, by each official of the Authority, by each employee of the Authority, by each member of the Board of Commissioners of the Authority, and by counsel to the Authority, the Trustee, counsel to the Trustee and Bond Counsel in connection with the authorization, execution and delivery of the Bonds and Investor's purchase of the Bonds. The Investor recognizes and agrees that the Authority, by each official of the Authority, each employee of the Authority, each member of the Board of Commissioners of the Authority,

counsel to the Authority, the Trustee, counsel to the Trustee and Bond Counsel have made no representations or statements (expressed or implied) with respect to the accuracy or completeness of any of the materials reviewed by the Investor in connection with the Investor's purchase of the Bonds. In making an investment decision, the Investor is relying upon its own examination of the Authority, the Borrower, the Project and the terms of the offering.

3. The Investor has been provided an opportunity to ask questions of, and the Investor has received answers from, representatives of the Authority and the Borrower regarding the terms and conditions of the Bonds, and the Investor has obtained all additional information requested by it in connection with the Bonds.

4. The Investor has sufficient knowledge and experience in business and financial matters in general, and investments such as the Bonds in particular, and is capable of evaluating the merits and risks involved in an investment in the Bonds. The Investor is able to bear the economic risk of, and an entire loss of, an investment in the Bonds.

5. The Investor is purchasing the Bonds solely for its own account for investment purposes and has no present intention to resell or distribute the Bonds, provided that the Investor reserves the right to transfer or dispose of the Bonds, at any time, and from time to time, in its complete and sole discretion, subject, however, to the restrictions described in paragraphs 6 through 8 of this Letter. The Investor hereby agrees that the Bonds may only be transferred in whole in accordance with the Indenture, including Article II thereof, to an investor who must execute and deliver to the parties addressed above a form of this Investor's Letter.

6. The Investor agrees that it will only offer, sell, pledge, transfer or exchange the Bonds (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the "1933 Act"), (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the transfer restrictions set forth in the Bonds and the Indenture.

7. The Investor is a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933 ("Rule 144A") or an institutional "accredited investor" as defined in Rule 501 promulgated under the Securities Act of 1933 as amended ("Rule 501"); it understands that the Bonds may be offered, resold, pledged or transferred only to a person who is a "qualified institutional buyer," as defined in Rule 144A or an institutional "accredited investor" as defined in Rule 501, in compliance with Rule 144A.

8. If the Investor sells the Bonds, or any portion thereof, the Investor or its agent will obtain for the benefit of each of you from any subsequent purchaser an Investor Letter in the form of this Letter or such other materials as are required by the Bonds and the Indenture to effect such sale and purchase. The Investor understands and agrees that the Trustee is not authorized to register any transfer of the Bonds prior to receipt of such Investor Letter.

9. None of the Trustee, Bond Counsel, counsel to the Authority, the Authority, its Board of Commissioners, or any of its employees or agents will have any responsibility to the Investor for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Project, the Authority, the Borrower or their financial conditions or regarding the Bonds, the provisions for payment thereof, or the sufficiency of any security therefor, including, without limitation, any information specifically provided by any of such parties contained in the Offering Information. The Investor acknowledges that, as between Investor and all of such parties: (a) the Investor has assumed responsibility for obtaining such

information and making such review as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds and (b) the Offering Information and any additional information specifically requested from the Authority or the Borrower and provided to the Investor prior to closing constitute all the information and review, with the investigation made by Investor (including specifically the Investor's investigation of the Authority, the Project and the Borrower) prior to its purchase of the Bonds, that Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds.

10. The Investor understands that (a) the Bonds have not been registered with any federal or state securities agency or commission, and (b) no credit rating has been sought or obtained with respect to the Bonds, and the Investor acknowledges that the Bonds are a speculative investment and that there is a high degree of risk in such investment.

11. The Investor acknowledges that the Bonds are a limited obligation of the Authority, payable solely from the revenues or other amounts provided by or at the direction of the Borrower, and is not an obligation payable from the general revenues or other funds of the Authority, the State of California or any political subdivision of the State of California. The Investor acknowledges that the Authority is issuing the Bonds on a conduit, nonrecourse basis, and has no continuing obligations with respect thereto except as expressly set forth in the Indenture.

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

13. The Investor acknowledges that no offering document has been produced in connection with the issuance or sale of the Bonds.

14. The Investor agrees to indemnify and hold harmless the Authority, the Authority's officials, officers, employees and agents, and the members of the governing board of the Authority with respect to any claim asserted against any of them that is based upon the Investor's sale, transfer or other disposition of its interests in the Bonds in violation of the provisions hereof or of the Indenture or any inaccuracy in any statement made by the Investor in this letter.

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

The Investor acknowledges that the sale of the Bonds to the Investor is made in reliance upon the certifications, representations and warranties herein by the addressees hereto.

Very truly yours,

[PURCHASER]

By _____

Name _____

Title _____

EXHIBIT C
FORM OF REQUISITION CERTIFICATE

\$22,877,000
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(LEVANT SENIOR COTTAGES)
SERIES 2022D-1

[\$D-2 Amount]
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(LEVANT SENIOR COTTAGES)
SERIES 2022D-2 (TAXABLE)

Requisition No.: _____

Date: _____

REQUISITION CERTIFICATE

TO: U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS TRUSTEE UNDER THE INDENTURE OF TRUST, DATED AS OF [] 1, 2022, BY AND BETWEEN THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, AS AUTHORITY, AND U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS TRUSTEE, WITH RESPECT TO THE CAPTIONED BONDS

Levant Senior Cottages LP, a California limited partnership (the "Borrower"), hereby requests that the following amounts be paid from the Construction Fund to the following payees for the following purposes:

Amount	Payee and Address	Purpose
--------	-------------------	---------

Less Retainage \$ _____

The Borrower hereby certifies that:

(1) obligations in the stated amounts have been incurred and performed at the Project and are presently due and payable and that each item thereof is a Project Cost or an Issuance Cost and is proper charge against the Construction Fund and has not been the subject of a previous withdrawal from the Construction Fund,

(2) to the best of the undersigned's knowledge there has not been filed with or served upon the Authority or the Borrower notice of any lien, right or attachment upon, or claim affecting the right of any such persons, firms or corporations to receive payment of, the respective amounts stated in such requisition which has not been released or will not be released simultaneously with the payment of such obligation,

(3)(A) obligations as stated on the requisition have been properly incurred, (B) such work was actually performed or such materials or supplies were actually furnished or installed in or about the Project, (C) if contested, bond has been made by the Borrower and (D) either such materials or supplies are not subject to any lien or security interest or any such lien or security interest will be released or discharged upon payment of the requisition,

(4) all rights, title and interest to any and all personal property acquired with the proceeds of the requisition is vested in the Borrower,

(5) the Borrower is in compliance with all of the Borrower's covenants contained in the Loan Agreement and the Tax Certificate,

(6) such disbursement when added to all other disbursements made to date results in at least ninety-five percent (95%) of the proceeds of the Bonds, including investment earnings, having been used for Qualified Project Costs, and

(7) all representations and warranties of the Borrower contained in the Loan Agreement are on the date hereof true and accurate.

Requested this _____ day of _____.

LEVANT SENIOR COTTAGES LP,
a California limited partnership

[TO COME]

Approved this _____ day of _____.

Approved this _____ day of _____.

[_____] as Bondowner

By: _____

Title: _____

AFTER RECORDING RETURN TO:

FisherBroyles LLP
3777 Long Beach Boulevard
Suite 280
Long Beach, CA 90807
Attn: Ken Krug

ASSIGNMENT OF DEED OF TRUST AND RELATED DOCUMENTS

KNOW ALL PERSONS BY THESE PRESENTS:

That with reference to the Multifamily Housing Revenue Bonds (Levant Senior Cottages), Series 2022D-1 in the maximum principal amount of \$[22,877,000] (the "Tax Exempt Bonds") and the Multifamily Housing Revenue Bonds (Levant Senior Cottages), Series 2022D-2 (Taxable) in the maximum principal amount of \$[20,161,554] (the "Taxable Bonds") and, together with the Tax Exempt Bonds, collectively, the "Bonds") issued by the Housing Authority of the City of San Diego, a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California ("Assignor" or "Issuer"), pursuant to the Indenture of Trust dated as of June 1, 2022 (the "Indenture"), between Assignor and U.S. Bank National Association, as Trustee ("Assignee"), for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor does by these presents assign, without recourse, to Assignee all of Assignor's right, title and interest in and to, and its obligations under (except for the Reserved Rights as defined in the Indenture and such obligations as cannot be assigned as a matter of law), the instruments ("Assigned Instruments") described on Schedule 1 attached hereto.

TOGETHER with the Note described in the Assigned Instruments, and the money due and to become due thereon, with the interest thereon, TO HAVE AND TO HOLD the same unto the said Assignee forever, subject only to all the provisions contained therein, and the said Assignor hereby assigns to the Assignee all of Assignor's rights to have, use and take all lawful ways and means for the recovery of all of the said money and interest; and in case of payment, to discharge the same as fully as the Assignor might or could if these presents were not made.

Overriding Limitations. In no event shall Assignor:

(i) prosecute its action to a lien on the Project (as defined in that certain Loan Agreement by and between Levant Senior Cottages LP, a California limited partnership ("Borrower"), and Assignor (the "Loan Agreement")); or

(ii) take any action which may have the effect, directly or indirectly, of impairing the ability of Borrower to timely pay the principal of, interest on, or other amounts due under, the Loan or of causing Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future; or

(iii) interfere with the exercise by Assignee of any of its rights under the Facility Documents upon the occurrence of an event of default by Borrower under the Facility Documents; or

(iv) take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Loan or the Bonds.

Definitions. All capitalized terms that are used and are not defined herein shall have the respective meanings ascribed to them in the Loan Agreement. In all references herein to any parties,

persons, entities or corporations the use of any particular gender on the plural or singular number is intended to include the appropriate gender or number as the text of the within instrument may require.

[signature page follows]

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Assignment of Deed of Trust and Related Documents or caused this Assignment of Deed of Trust and Related Documents to be duly executed and delivered by its authorized representative as of the date first set forth above. The undersigned intends that this instrument shall be deemed to be signed and delivered as a sealed instrument.

ASSIGNOR:

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

By: _____

Richard C. Gentry
Executive Director

Attest:

By: _____

Scott Marshall
Deputy Secretary

[Signature Page of Housing Authority of the City of San Deigo to Assignment of Deed of Trust and Related Documents – Multifamily Housing Mortgage Revenue Bonds (Levant Senior Cottages) Series 2022D-1(Tax-Exempt) and [Series] (Taxable)]

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

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, before me, _____, a Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

SCHEDULE 1
TO
ASSIGNMENT OF DEED OF TRUST

ASSIGNEE:

[U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Corporate Trust Services]

ASSIGNED INSTRUMENTS:

1. Promissory Note (Tax-Exempt) by Borrower to Assignor dated as of the Closing Date, in the original principal amount of up to \$[22,877,000]
2. Promissory Note (Taxable) by Borrower to Assignor dated as of the Closing Date, in the original principal amount of up to \$[20,161,554]
3. Construction and Permanent Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated as of June 1, 2022, executed by Borrower for the benefit of Assignor, which is being recorded immediately prior hereto in the Recorder's Office of San Diego County, California and encumbers the real property (and improvements thereon) that is more particularly described on Exhibit A hereof.
4. The Loan Agreement.

EXHIBIT A

LEGAL DESCRIPTION

[_____]

May 2, 2022

To: Housing Authority of the City of San Diego

From: Josh Anzel, Esq.
Stacey Hanson, Esq.
Jones Hall, A Professional Law Corporation

Re: Levant Senior Cottages

Summary of Blanks in Documents to be Considered on May 24, 2022

If approved by the Housing Authority of the City of San Diego (the “**Authority**”), the proposed Multifamily Housing Revenue Bonds (the “**Bonds**”) for Levant Senior Cottages are expected to be issued in June 2022. The proposed forms of legal agreements relating to the Bonds consist of an Indenture of Trust, a Loan Agreement and a Regulatory Agreement and Declaration of Restrictive Covenants and an Assignment of Deed of Trust and Related Documents (collectively, the “**Financing Agreements**”), which contain certain blanks and bracketed items that relate generally to transaction pricing and closing timing.

JP Morgan Chase Bank, N.A., as bond purchaser (the “**Bank**”), will set the interest rate closer to the closing date. The final amounts are dependent upon the interest rate and final credit approval of the Bank. The amounts of all financing sources will be finalized prior to closing.

The following table provides a summary of the blanks in the Financing Agreements and indicates the parties responsible for providing the requisite information. Capitalized terms used below have the definitions ascribed to them in the related agreement.



DOCUMENT	LOCATION	ITEM	RESPONSIBLE PARTY
Indenture of Trust	Throughout	<ul style="list-style-type: none">Dates:<ul style="list-style-type: none">Closing dateMaturity dateDated date of documentsPrincipal amount of Series 2022D-2 (Taxable) Bonds	Bond Counsel & Bank
	Definition of "Authorized Authority Representative"	Resolution number of Authorizing Resolution	Bond Counsel
Loan Agreement	Throughout	<ul style="list-style-type: none">DatesDollar amounts	Borrower & Bank
Regulatory Agreement	Throughout	<ul style="list-style-type: none">Dated date of documentsPrincipal amount of Bonds	Bond Counsel & Bank
	Section 1 - Definitions and Interpretation	<p>“‘Authority Fee’ means (i) the administrative fee of the Authority payable on the Closing Date in the amount of \$ _____ [0.25% OF INITIAL PRINCIPAL] and the ongoing administrative fee payable every 12 months, commencing _____ 1, 2023, in the amount of \$ _____ [0.125% OF INITIAL PRINCIPAL] until the Conversion Date and, on the first _____ 1 following the Conversion Date and thereafter, the ongoing administrative fee payable every 12 months in an amount equal to 0.125% of the outstanding principal amount of the Bonds on the Conversion Date, provided, however, that the ongoing administrative fee shall in no event be less than \$10,000.00;...”</p>	Bond Counsel
	Appendix A	<ul style="list-style-type: none">Legal Description	Title
Assignment of Deed of Trust and Related Documents	Preamble	<ul style="list-style-type: none">Dated DateDollar amounts	Bank
	Exhibit A	<ul style="list-style-type: none">Legal Description	Title



The City of San Diego
Item Approvals

Item Subject: Final Bond Authorization for Levant Senior Cottages

Contributing Department	Approval Date
DOCKET OFFICE	04/28/2022
ENVIRONMENTAL ANALYSIS	04/28/2022

Approving Authority	Approver	Approval Date
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	MARSHALL, SCOTT	04/27/2022
EXECUTIVE VICE PRESIDENT	DAVIS, JEFF	04/29/2022
CITY ATTORNEY	MIDDAUGH, MARGUERITE	05/05/2022