



REPORT TO THE HOUSING AUTHORITY

DATE ISSUED: November 13, 2023

REPORT NO: HAR23-024

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of December 12, 2023

SUBJECT: Final Bond Authorization for Casa Nueva, Formerly Known as Hacienda Townhomes

COUNCIL DISTRICT: 3

REQUESTED ACTION

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds, in the aggregate amount not to exceed \$12,968,761 to fund Casa Nueva II L.P.'s acquisition with rehabilitation of Casa Nueva, an existing affordable rental housing development formerly known as Hacienda Townhomes at 350 17th Street, San Diego, in the Downtown Community Planning Council/East Village neighborhood, which will consist of 51 affordable units that will remain affordable for 55 years for individuals and families earning between 30 percent to 60 percent of the San Diego Area Median Income and one manager's unit.

STAFF RECOMMENDATIONS

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

- 1) Authorize the issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$12,968,761 to fund Casa Nueva II L.P.'s acquisition with rehabilitation of Casa Nueva, an existing affordable rental housing development formerly known as Hacienda Townhomes at 350 17th Street, San Diego, in the Downtown Community Planning Council/East Village neighborhood, which will consist of 51 affordable units that will remain affordable for 55 years for individuals and families earning between 30 percent to 60 percent of the San Diego Area Median Income (AMI) and one manager's unit.
- 2) Authorize the Housing Commission President and Chief Executive Officer (President and CEO), or designee, to execute any and all documents that are necessary to effectuate the transaction and implement these approvals in a form approved by the General Counsel of the Housing Authority and of 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.

SUMMARY

A Development Summary is as follows:

Table 1 – Development Details

Address	350 17 th Street, San Diego
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Council District	3
Community Plan Area	Downtown Community Planning Council
Developer	San Diego Community Housing Corporation (SDCHC)
Development Type	Acquisition with rehabilitation
Construction Type	Type V (four-story wood frame over a Type I one-story concrete podium structure)
Parking Type	Subterranean parking with 39 assigned spaces
Local Amenities	<u>Mass Transit</u> : 0.3 mile to the trolley station at Park and Market and 0.2 mile to the bus stop at 16 th and Market. <u>Grocery</u> : Albertson's Supermarket, 655 14 th St. (0.4 mile), Grocery Outlet Market, 1002 Market St. (0.6 mile), Ralph's Supermarket, 101 G St. (1.1 miles). <u>Schools</u> : McKinley Elementary School, 3045 Felton (1 mile), Roosevelt Middle School, 3366 Park Blvd. (3.2 miles), Garfield High School, 1255 16 th St. (0.7 mile).
Housing Type	Multifamily
Accessibility	One mobility unit, 51 units compliant with Fair Housing Act Accessibility (FHAA) and 4 percent of the units accessible to residents with visual and/or hearing impairment
Lot Size	One parcel totaling 0.69 acres, 30,056 square feet
Units	52 (51 units restricted/affordable)
Density	75 dwelling units per acre (52 units ÷ 0.69 acres)
Unit Mix	51 affordable rental units: one one-bedroom unit, 26 two-bedroom units, 24 three-bedroom units, and one unrestricted manager's unit.
Gross Building Area	52,000 square feet
Net Rentable Area	43,050 square feet.
Project Based Housing Vouchers (PBV)	19 PBVs for households with income up to 30 percent of AMI, selected from the Housing Commission's PBV waiting list (not permanent supportive housing for persons experiencing homelessness)
Affordable Units in Service by Council District	Council District 3 includes 8,344 affordable rental housing units currently in service, which represents 32.5 percent of the 25,597 affordable rental housing units in service citywide.

Background

Casa Nueva is owned by HT Ltd., whose General Partner is the nonprofit Occupational Training Services (OTS). The Limited Partner is the nonprofit San Diego Community Housing Corporation (SDCHC). In November 1992, the Housing Commission provided a 55-year land acquisition residual receipts loan to OTS for this property in the amount of \$748,197 with 4.5 percent compounding interest. This original loan remains outstanding. The Housing Commission's 55-year affordability restrictions remain in effect until December 4, 2047.

On April 6, 2023, pursuant to Report No. HCR23-046, the Housing Commission Board approved:

- 1) a new forgivable loan in an amount not to exceed \$2,200,000 to Casa Nueva II L.P.;
- 2) the transfer, restructuring and extension of the affordability term of an existing original Housing Commission loan, (estimated at \$3,199,000), from the owner Hacienda Townhomes Ltd., (HT Ltd.) to Casa Nueva II LP; and

3) taking preliminary steps to authorize up to \$14,000,000 of tax-exempt Multifamily Housing Revenue Bonds, to finance the acquisition with rehabilitation of Hacienda Townhomes. The Housing Commission Board also held a TEFRA public hearing on April 6, 2023 pursuant to Section 147(f) of the Internal Revenue Code of 1986. If bonds are not issued within 12 months of the TEFRA hearing, a new TEFRA hearing is required.

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).

Subsequently, the Hacienda Townhomes development was renamed as Casa Nueva.

On August 23, 2023, the California Debt Limit Allocation Committee (CDLAC) approved \$12,968,761 tax-exempt bonds allocation, and the California Tax Credit Allocation Committee (CTCAC) approved a 4 percent tax credits allocation.

The Development

Casa Nueva is an existing 52-unit, family rental housing development at 350 17th Street in the East Village neighborhood of downtown San Diego, west of Interstate 5, between J and K Streets (Attachment 1 - Site Map). It was constructed in 1994. It consists of two four-story, wood-framed buildings above a single level of subterranean parking. There are 51 two-story, townhouse-style units and a single one-bedroom flat on approximately 0.69 acres. The development includes: a gated parking garage, a community room, a manager's leasing office, a laundry facility, and an interior courtyard with gardens and two tot lots. Two stairways and one elevator serve both buildings. Casa Nueva will consist of one one-bedroom unit, 26 two-bedroom units, and 24 three-bedroom units plus one manager's unit.

Adjacent land uses include commercial buildings and rental duplexes to the north, Interstate 5 to the east, and commercial buildings to the south, and to the west. The site is accessible to public transportation, areas of employment, food shopping, and medical services. The trolley is available at 0.3 mile from the site. Bus service is available at 0.2 mile from the site.

Building Conditions/Proposed Rehabilitation Work

Casa Nueva needs substantial rehabilitation work to address hazardous structural and building systems defects, as well as deferred maintenance and capital improvements that are approaching the end of their useful life. The developer's pro forma currently estimates rehabilitation costs at \$10,171,072 (\$195,598 per unit) including a 10 percent contingency.

Project-Based Housing Vouchers

The Housing Commission awarded 19 Project-Based Housing Vouchers on January 11, 2021, to help pay rent for 19 units with households earning up to 30 percent of AMI. The Housing Assistance Payments Contract was effective October 1, 2021, for a 20-year term.

Services

SDCHC has been the service provider for the past 20 years and will continue to be the lead service provider. SDCHC provides a diverse selection of skill-building courses aimed at equipping residents with valuable knowledge and practical skills, all under the overarching theme of self-

sufficiency and personal well-being. These courses cover job readiness, employment skills, financial literacy, and computer and technology proficiency. . SDCHC has contracted with San Diego Urban League to provide financial literacy classes/services.

Developer's Request

In response to the Housing Commission's Fiscal Year (FY) 2021 Preservation Notice of Funding Availability (NOFA) and FY2021 Affordable Housing NOFA, SDCHC submitted an application for a loan and federal Project-Based Housing Vouchers (PBVs) for the Casa Nueva development, respectively. On January 11, 2021, Housing Commission staff provided a preliminary recommendation of award of a forgivable loan up to \$2,200,000 and 19 PBVs for the development. On April 6, 2023, the Housing Commission Board of Commissioners approved a forgivable loan not to exceed \$2,200,000 for Casa Nueva.

Appraisal

On May 16, 2023, Kinetic Valuation Group appraised Casa Nueva at \$13,630,000.

Prevailing Wages

The Housing Commission's \$2,200,000 forgivable loan will be funded with U.S. Department of Housing and Urban Development (HUD) Moving to Work (MTW) program funds, which the Housing Commission administers. The proposed use of federal MTW funds will require the development's payment of federal Davis-Bacon prevailing wages. Casa Nueva is not subject to California state prevailing wages.

Project Sustainability

The development will comply with the CTCAC minimum energy efficiency standards. Its features will include energy-efficient appliances, lighting, plumbing fixtures, and HVAC. 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.

Relocation

The developer does not anticipate the permanent relocation of tenants. However, tenants may need to be temporarily relocated while rehabilitation work is taking place in their unit. Relocation will comply with the Federal Uniform Relocation Act. A relocation consultant, Overland, Pacific, & Cutler, has drafted a relocation plan and is coordinating temporary relocation. The developer's pro forma budgets \$625,000 for tenants' temporary relocation and the relocation consultant's costs.

Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units and 5 percent of the units accessible to residents with visual and/or hearing impairment. The same units can satisfy both accessibility requirements. For Casa Nueva, CDLAC granted SDCHC's waiver request because compliance in this existing building was deemed to be impractical.

Development Team

During the tax credit compliance period, Casa Nueva will be owned by Casa Nueva II L.P, a California limited partnership as the owner/borrower and with SDCHC as the developer (Attachment 2 - Organization Chart). SDCHC is a 501(c)(3) nonprofit developer. SDCHC was founded in 1994. It is dedicated to developing affordable housing that offers services designed to

assist residents in achieving upward economic mobility. SDCHC's mission is to increase, preserve, and improve quality affordable housing opportunities for working families in San Diego. SDCHC currently owns and operates two additional developments that utilized Housing Commission loans. SDCHC is in full compliance on its previous Housing Commission-funded loans. Based upon the developer's experience and past development performance, staff has determined that the developer has the requisite capacity to successfully complete the proposed Casa Nueva project.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	SDCHC
Owner/Borrower	Casa Nueva II L.P.
Managing General Partner	Casa Nueva II LLC
Tax Credit Investor Limited Partner	Merritt Community Capital
Architect	Basis Architecture & Consulting
General Contractor	Allgire General Contractors
Property Management	Solari Enterprises
Construction and Permanent Lender	JP Morgan Chase
Resident Services Providers	SDCHC and Urban League
Relocation Consultant	Overland, Pacific & Cutler LLC (OPC)

Property Management

Casa Nueva will be managed by Solari Enterprises, Inc. (Solari), which has operated for over 30 years as a full-service property management organization specializing in multifamily affordable housing. Their services extend from planning, development, construction or rehabilitation stages, through lease-up and into the ongoing management operations of each apartment community.

FINANCING STRUCTURE

Casa Nueva has an estimated total development cost of \$27,896,931 (\$536,479/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 in Table 3 below.

Table 3 - Hacienda Estimated Permanent Sources and Uses

Financing Sources	Amounts	Financing Uses	Amounts	Per Unit
Bond financed permanent loan	\$4,689,270	Acquisition	\$11,110,300	\$213,660
Seller's carry back note	6,239,732	Construction \$9,246,429 Contingency + 924,643 Total \$10,171,072	10,171,072	195,598
Housing Commission 1992 existing loan	3,199,000	Financing costs	2,560,406	49,239
Housing Commission 2023 forgivable loan	2,200,000	Other soft costs	565,550	10,874
City of San Diego Former Redevelopment Agency's (FRA) existing loan extension	690,000	Permits and fees	104,750	2,014

Accrued interest seller carryback loan	220,907	Architect and engineering costs	429,660	8,263
Accrued interest FRA existing loan	430,891	Relocation costs	625,000	12,019
Accrued interest Housing Commission existing loan	47,636	Reserves	330,193	6,350
Deferred developer's fee	356,508	Developer's fee	2,000,000	38,462
Four percent tax credit equity	9,822,987			
Total Development Cost	\$27,896,931	Total Development Cost	\$27,896,931	\$536,479

The Housing Commission's \$2,200,000 forgivable loan will be funded with HUD MTW program funds, which the Housing Commission administers. The use of these funds for preservation was approved as an MTW initiative in the Housing Commission's Fiscal Year 2021 MTW Annual Plan. The Housing Commission is one of only 39 original MTW agencies out of approximately 3,200 public housing authorities nationwide. The MTW designation provides the Housing Commission with the ability, subject to HUD's approval, to implement a variety of innovative new approaches to provide housing assistance and other services to families with low income in the City of San Diego. The total amount of new Housing Commission funding sources to Casa Nueva shall not exceed \$2,200,000. A final determination of Housing Commission funding sources will be made by the Housing Commission's President & CEO, or designee, contingent upon budget availability. The Housing Commission requires affordable housing developers to pursue all viable sources of funding to reduce the financing gap and amount of Housing Commission subsidy required. If other funding is secured, proceeds will first be used to make an adjustment to reduce the Housing Commission's loan.

Developer's Fee

\$2,000,000 – Gross developer's fee

-356,508 – Minus deferred developer's fee

\$1,643,492 – Net cash developer's fee

On April 25, 2017, the Housing Authority approved the "Request for Approval of Updated Developer Fees" (HAR17-011). That report approved certain developer fee guidelines for multifamily loans and bonds issuances. That report at its Attachment 1 states: "Developer fee for 4% tax credits: in project costs 15% of eligible basis...." The proposed developer fee complies with 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, which were used to evaluate the proposed development and make a funding recommendation. The key performance indicators listed in Table 4 are commonly used by real estate industry professionals and affordable housing developers.

Table 4 - Key Performance Indicators

Development Cost Per Unit	$\$27,896,931 \div 52 \text{ units} =$	\$536,479
Housing Commission Subsidy Per Unit Recast Loan	$\$3,199,000 \div 52 \text{ units} =$	\$61,519
Housing Commission Subsidy Per Unit New Forgivable Loan	$\$2,200,000 \div 52 \text{ units} =$	\$42,308
Acquisition Cost Per Unit	$\$11,110,300 \div 52 \text{ units} =$	\$213,660

Gross Rentable Square Foot Hard Cost	\$10,171,072 ÷ 52,000 sq. ft =	\$196
Net Rentable Square Foot Hard Cost	\$10,171,072 ÷ 43,050 sq. ft.=	\$236

Project Comparison Chart

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

Table 5 – Comparable Developments

Project Name	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject: Casa Nueva	2023	52	\$27,896,931 (with prevailing wage)	\$536,479	\$103,827	\$196
Cerro Pueblo	2023	46	\$17,412,081 (w/o prevailing wage)	\$378,524	\$0	\$123
Grant Heights II	2020	42	\$17,968,471 (no prevailing wage)	\$427,821	\$31,769	\$130

TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS

Proposed Housing Bond 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 CDLAC for a bond allocation. On April 6, 2023, prior to applying to CDLAC, the proposed development was presented to, and approved by, the Housing Commission Board. A bond inducement resolution was obtained prior to the application submittal to CDLAC in the amount up to \$14,000,000. On May 23, 2023, an application was submitted to CDLAC for a bond allocation of \$12,968,7610. On August 23, 2023, CDLAC approved the \$12,968,761 bond allocation, and CTCAC approved an allocation of 4 percent tax credits.

The developer proposes that the bond proceeds will be used for both construction financing and permanent financing. The developer proposes that the bonds will 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 bond disclosure. The amount of the bonds ultimately issued will be based upon development costs, revenues and interest rates prevailing at the time of bond issuance. The bonds will be issued in one tax-exempt series.

Public Disclosure and Bond Authorization

The tax-exempt debt will be issued in the form of a bond and will be sold through a direct purchase by JP Morgan Chase. The taxable debt will be in the form of a bond, which will also be purchased by JP Morgan Chase. JP Morgan Chase is a “qualified institutional buyer” within the meaning of the U.S. securities laws. At closing, JP Morgan Chase will sign an “Investor’s Letter” certifying, among other things, that it is buying the bonds for its own account and not for public distribution. Because the bonds are being sold through a private placement, an Official Statement will not be used. In addition, the bonds will be neither subject to continuing disclosure requirements, nor credit enhanced, nor rated. Transfer of the bond to any subsequent bondholder will comply with the Housing Commission’s “Bond Issuance and Post-Issuance Compliance Policy” (policy number PO300.301). Moreover, any subsequent bondholder would be required to represent to the Housing Authority that they are a qualified institutional buyer or accredited investor who is buying the bond for investment purposes and not for resale, and that they have made do investigation of any material information necessary in connection with the purchase of the bond.

The following documents will be executed on behalf of the Housing Authority: Indenture, Loan Agreement, Assignment of Deed of Trust, Regulatory Agreement, and other loan documents. At the time of docketing, bond 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 bond will be issued pursuant to an Indenture between the Housing Authority and US Bank as the Trustee. Based upon instructions contained in the Indenture, or similar document, the Trustee will disburse bond proceeds for eligible costs, collect project revenues and make payments to the bondholder. Under the terms of the Loan Agreement, the Housing Authority will loan the proceeds of the bond to the borrower to develop the project. The Loan Agreement sets out the terms of repayment and the security for the loan, and the Housing Authority assigns its rights to receive repayments under the loan to the Trustee. An Assignment of Deed of Trust and other Loan Documents, which assign the Housing Authority’s rights and responsibilities as the bond issuer to the Trustee, will be signed by the Housing Authority and the Trustee. Rights and responsibilities that are assigned to the Trustee include the right to collect and enforce the collection of loan payments, monitor project construction and related budgets, and enforce insurance and other requirements. These rights will be used by the Trustee to protect its financial interests. A Regulatory Agreement will be recorded against the property to ensure the long-term use of the project as affordable housing. The Regulatory Agreement will also ensure that the project complies with all applicable federal and state laws.

Financial Advisor’s Recommendation

Quint & Thimmig is the Bond Counsel and CSG is the Bond Financial Advisor that have been designated to work on the tax-exempt bond’s issuance. After evaluating the terms of the proposed financing and the public benefits to be achieved, it is the Financial Advisor’s recommendation that the Housing Authority should proceed with the bond issuance. The Financial Advisor’s analysis and recommendation are at Attachment 5.

AFFORDABLE HOUSING IMPACT

Project-Based Vouchers (PBV)

Effective October 1, 2021, the Housing Commission and the developer entered into a Housing Assistance Payments Contract that provides 19 PBVs for Casa Nueva for low-income households with income up to 30 percent of AMI, selected from the Housing Commission's PBV waiting list. 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 Casa Nueva's 19 voucher-assisted units. Supportive Services are provided by San Diego Urban League to the residents.

Affordability

The Casa Nueva development will be subject to applicable tax credit and bond regulatory agreements, which will restrict affordability of 51 units for 55 years. The rent restrictions required by the Housing Commission, CTCAC, and other lenders and investors will be applicable.

Table 6 – Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
One bedroom	30% (\$33,100/year for two-person household)	1	\$732
Subtotal One Bedroom Units	--	1	--
Two bedrooms	30% (\$37,250/year for three-person household)	19	\$775
Two bedrooms	50% (\$62,050/year for three-person household)	7	\$930
Subtotal Two Bedroom Units	--	26	--
Three bedrooms	30% (\$41,350/year for four-person household)	14	\$1,075
Three bedrooms	50% (\$68,900/year for four-person household)	4	\$1,791
Three bedrooms	60% (\$82,680/year for four-person household)	6	\$2,150
Subtotal Three Bedroom Units	--	24	--
Manager's two bedrooms unit	--	1	
Total Units	--	52	--

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this proposed action are included in the Housing Authority-approved Fiscal Year (FY) 2024 Housing Commission Budget.

Funding sources approved by this action will be as follows.

Bond Issuer Fee: \$12,968,761 X 0.0025 = \$32,422

Total Funding Sources: up to \$32,422

Funding uses approved by this action.

Administrative costs: \$32,422

Total Funding Uses: \$32,422

The bonds will not constitute a debt of the City of San Diego. If the bond is issued for Casa Nueva, then the bond will not financially obligate the City, the Housing Authority, nor the Housing Commission because security for the repayment of the bond 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 bond. 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’s fee, and the Financial Advisor’s fee.

Development Schedule

The estimated development timeline is as follows:

Milestones	Estimated Dates
<ul style="list-style-type: none">• Housing Authority consideration of bond authorization• City Council consideration of TEFRA resolution• Estimated bond issuance and escrow closing• Estimated start of construction work• Estimated completion of construction work	<ul style="list-style-type: none">• December 12, 2023• December 12, 2023• January 2024• January 2024• January 2025

HOUSING COMMISSION STRATEGIC PLAN

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

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

SDCHC is committed to equity and inclusion as both an employer and a service provider. The Housing Commission included a requirement in the Notice of Funding Availability (NOFA) for prospective applicants to include a narrative and specific example of activities and initiatives that support equity assurance. SDCHC demonstrates a commitment to advancing racial equity and inclusion through project design and operational policies, throughout the proposed project timeline.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On November 14, 2018, the developer, SDCHC, presented the proposed renovation/development as an informational item to the Downtown Community Planning Council.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include SDCHC, as the developer; the Housing Commission, as a proposed lender; the City of San Diego, as successor to the former Redevelopment Agency, as a proposed lender; the tenant residents of Casa Nueva; and the downtown neighborhood community. 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 will renovate/preserve 51 affordable rental homes for families.

STATEMENT for PUBLIC DISCLOSURE

The developer's Disclosure Statement is at Attachment 6.

ENVIRONMENTAL REVIEW

California Environmental Quality Act

This activity has been reviewed for consistency with the following documents, all referred to as the "Downtown FEIR": the Final Environmental Impact Report (FEIR) for the San Diego Downtown Community Plan, Centre City Planned District Ordinance, and 10th Amendment to the Redevelopment Plan for the Centre City Redevelopment Project (SCH No. 2003041001) which was certified by the former Redevelopment Agency ("Former Agency") and the San Diego City Council ("City Council") on March 14, 2006 (Resolutions R-04001 and R-301265, respectively); subsequent addenda to the FEIR which were adopted by the Former Agency and the City Council on August 3, 2007 (Resolutions R-04193 and R-302931, respectively), April 23, 2010 (Resolutions R-04508 and R-305761, respectively), April 13, 2010 (Resolutions R-04510 and R-305759, respectively), and August 3, 2010 (Resolutions R-04544 and R-306014, respectively), and adopted by the City Council on February 12, 2014 (Resolution R-308724), July 14, 2014 (Resolution R-309115), and November 17, 2020 (Resolution R-313302); and the Final Supplemental Environmental Impact Report (SEIR) for the Downtown San Diego Mobility Plan (SCH No. 2014121002) which was certified by the City Council on July 6, 2016 (Resolution R-310561). Development within the Downtown Community Planning area is also covered under the following documents, all referred to as the "CAP FEIR": FEIR for the City of San Diego Climate Action Plan ("CAP") (Project No. 416603/SCH No. 2015021053) which was certified by the City Council on January 4, 2016 (Resolution R-310176), the Addendum to the CAP FEIR for the CAP Consistency Checklist which was adopted by the City Council on July 19, 2016 (Resolution R-310595), and the Addendum to the CAP FEIR for the 2022 CAP which was adopted by the City Council on August 10, 2022 (Resolution R-314298). This activity is a subsequent discretionary action within the scope of the development program evaluated in the Downtown FEIR and the CAP FEIR and is not a separate project for the purposes of CEQA review pursuant to CEQA Guidelines Sections 15378(c) and 15060(c)(3). Pursuant to Public Resources Code Section 21166 and CEQA Guidelines Section 15162 there is no change in circumstance, additional information, or project changes to warrant additional environmental review for this action.

National Environmental Policy Act

The San Diego Housing Commission determined Casa Nueva (formerly known as Hacienda Townhomes) is categorically excluded subject to Part 58.5 of the National Environmental Policy Act pursuant to the multifamily housing rehabilitation guidelines. Initial NEPA approval was received from the City of San Diego City Planning Department on November 5, 2018, and NEPA approval of supplemental funding was received from the City of San Diego City Planning Department on March 3, 2021, and March 29, 2023.

Respectfully submitted,

Jennifer Kreutter

Jennifer Kreutter
Vice President
Multifamily Housing Finance
Real Estate Division

Approved by,

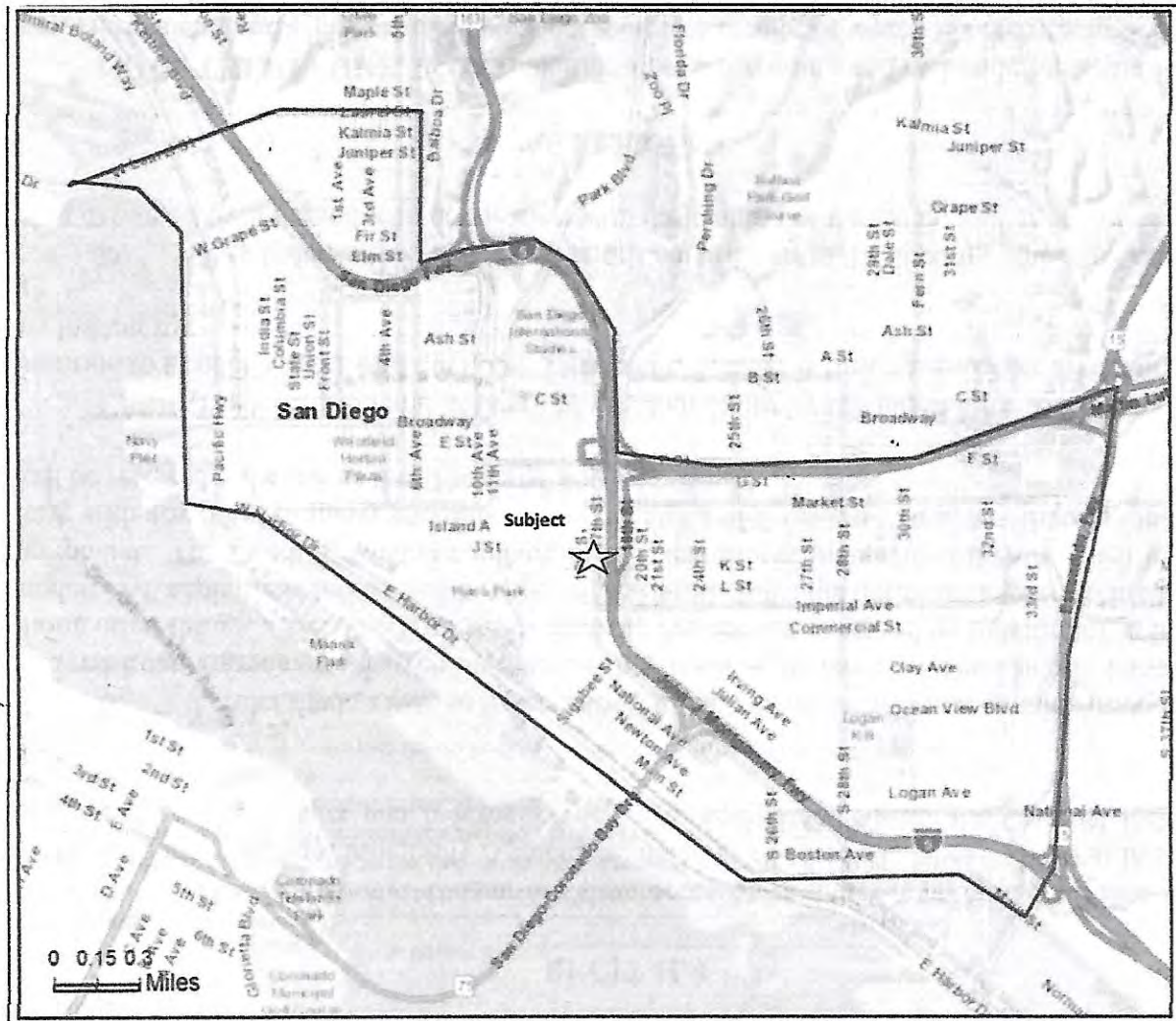
Jeff Davis

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

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

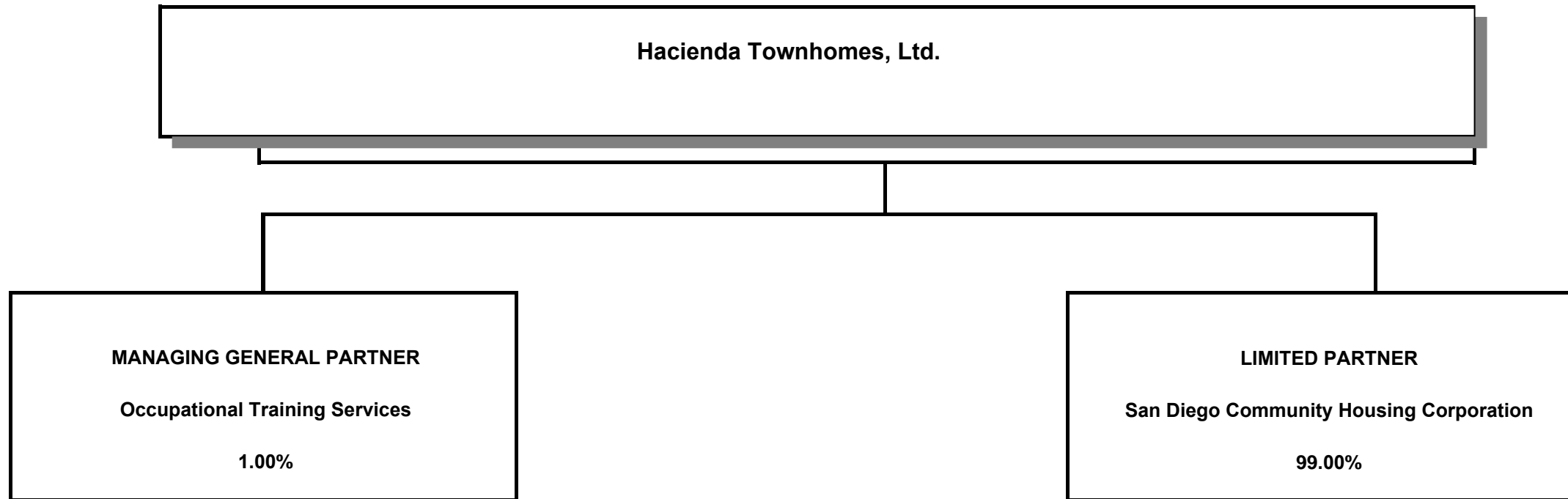
Hard copies are available for review during business hours at the information desk in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at www.sdhc.org.

ATTACHMENT 1 - SITE MAP

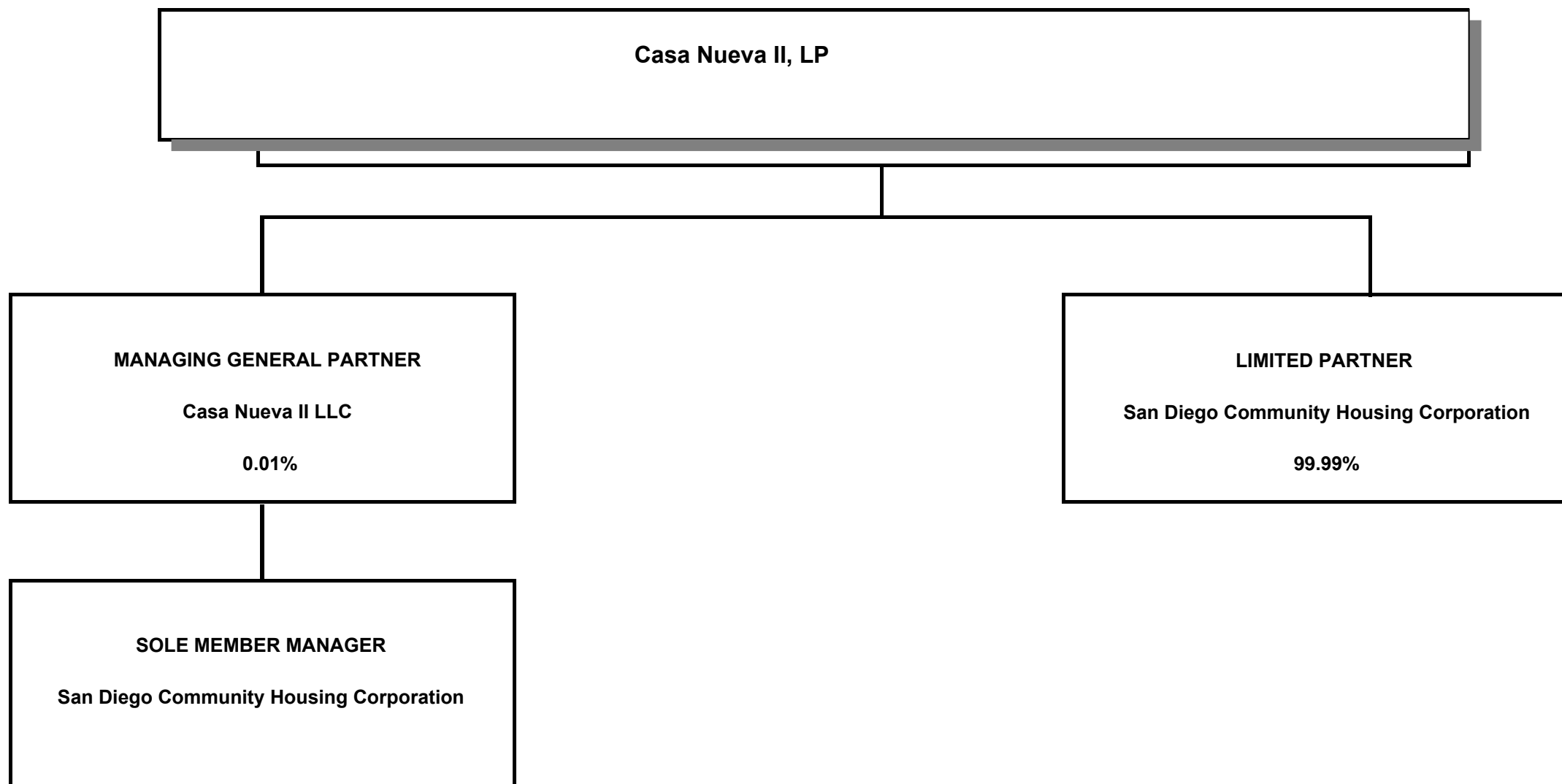


ATTACHMENT 2 - ORGANIZATION CHART

Current Org Chart



Proposed Org Chart



ATTACHMENT 3 - DEVELOPER'S PROJECT PRO FORMA

Casa Nueva (Hacienda Townhomes)

Prepared For:	San Diego Community Housing Corporation
Prepared By:	California Housing Partnership Corporation
Version:	4.02 Closing
Revised:	10/12/2023
Filename:	Casa Nueva 4.03 Closing 101223.xlsm

Sources of Funds.....	1	Cash Flow (Residential).....	11a
Uses of Funds.....	2		
Developer Fee Calculation.....	3		
Unit Mix & Rental Income.....	4		
Tax Credit Calculation.....	5		
Base Year Income & Expense.....	6		
Mortgage Calculation & Bond Ratios.....	7		
Lease-up/Placed-in-Service Schedule.....	8		
Net Syndication Proceeds.....	9		
TCAC Calculations.....	10		
TCAC Transfer Event Calculation.....	10b		

SOURCES OF FUNDS - PERMANENT

	AMOUNT	TOTAL INTEREST COST	OID INTEREST RATE	AMORT (Yr)	COMMENTS		
Chase Tax Exempt Permanent Loan	4,689,270	6.569%		35.0	Total Permanent Debt: 4,689,270		
Seller Carryback Loan	6,239,732	4.460%	4.460%	55.0	Term - 17 (yrs.)Y SOFR Swap - 4.394% Spread - 180 bps		
Accrued Deferred Interest - Seller Carryback	430,891						
SDHC Loan (Recast)	3,199,000	4.460%	4.460%	55.0		Per Unit:	61,519
Accrued Deferred Interest - SDHC Loan (Re	220,907						
Successor Agency Loan (Recast)	690,000	4.460%	4.460%	55.0		Per Unit:	13,269
Accrued Deferred Interest - Successor Agen	47,636						
Sponsor Loan (SDHC New Loan)	2,200,000	0.000%	0.000%	55.0		Per Unit:	42,308
Deferred Developer Fee	356,508	0.000%	0.000%		Priority 356,508 Non-Priority	0	
Capital Contributions							
Limited Partners	9,822,987				Fed LIHTC: \$0.875 State LIHTC: \$0.80		
TOTAL SOURCES	27,896,931						
Surplus/(Shortfall)	0						

PERMANENT LOAN INTEREST RATE	TRANCHE A	TRANCHE B	INVESTOR EQUITY STACK		OTHER ASSUMPTIONS	
Base Rate	6.194%	6.194%			Current AFR:	4.46%
Cushion	0.250%	0.250%	LIHTC Equity (Federal+St	9,822,987	AFR Month:	Oct-23
MIP	0.000%	0.000%	Historic Tax Credit	0	AFR Cushion:	0.00%
GNMA/Servicing	0.000%	0.000%	Investment Tax Credit (Sol	0	Total U/W AFR:	4.46%
Issuer	0.125%	0.125%	Subtotal LP Equity	9,822,987		
Trustee	0.000%	0.000%	CA Certificated Credit Sale	0		
Rating	0.000%	0.000%	Total Investor Equity	9,822,987		
Remarketing	0.000%	0.000%				
Rebate Analyst	0.000%	0.000%				
Total	6.569%	6.569%				

SOURCES OF FUNDS - CONSTRUCTION

	AMOUNT	INTEREST RATE	TERM (Mos.)	COMMENTS		
Chase Tax-Exempt Construction Loan	12,968,761	7.170%	18			
Seller Carryback Loan	6,239,732	4.460%	18			
Accrued Deferred Interest - Seller Carryback	430,891					
SDHC Loan (Recast)	3,198,963	4.460%	18			
Accrued Deferred Interest - SDHC Loan (Re	220,907					
Successor Agency Loan (Recast)	689,813	4.460%	18			
Accrued Deferred Interest - Successor Agen	47,636					
Sponsor Loan (SDHC New Loan)	1,583,163	0.000%	18	SDHC loan during construction to maintain at least 52% construction bonds		
Costs Deferred Until Conversion	1,178,259			See page 2 - right column		
Deferred Developer Fee	356,508					
Capital Contributions						
Limited Partners*	982,299			Total Equity During Const.	982,299	10.00%
TOTAL SOURCES	27,896,931			Syndication Costs	190,000	
Surplus/(Shortfall)	0			Net Equity for TCAC	792,299	
Sources Less Deferred To Conversion:	26,718,672					

CONSTRUCTION LOAN INTEREST RATE	CONSTRUCTION LOAN VALUATION	TAX-EXEMPT BOND DATA
Index Type: 30 Day Term SOFR	Restricted NOI 408,390	50% Test (see Page 7): 52.34%
Current Index: 5.32%	OAR 5.00%	50% Test Cushion: 580,380
Spread: 1.35%	FMV per NOI 8,167,793	Issuer Inducement: TBD
Base Interest Rate (not including cushion): 6.67%	Agg. Credit Value @ 0.8749 9,822,987	CDLAC Allocation: 12,968,761
Cushion - Total 0.50%	Perm-Only Soft Debt 617,061	Percent of CDLAC Allocator 100.00%
Interest Rate (All-In) 7.17%	Total Value 18,607,841	Const-only portion: 8,279,491
	LTV: 85.00%	CDLAC Per-Unit Limit 31,516,000
	Max. Const. Loan Amount 15,816,665	CDLAC 55% Limit 13,627,219
	Commitment Amount 12,968,761	50% Test Target 53.00%
		Target Limit 13,131,684

SELLER POSITION

Proceeds of Sale:		Uses of Cash to Seller:	
Sales Price	11,040,300	Incl. Reserves & Person Cash to Seller	0
Seller Carryback Note	(6,239,732)	Repayment of Debt	0
Assumed Soft Debt	(3,889,000)		
Repayment of Hard Debt	(911,568)		
Cash to Seller	0	Net Cash to Seller	0

Casa Nueva (Hacienda Townhomes)

Uses of Funds

Version: 4.02 Closing

	Res Cost:		100.00%	COST ALLOCATIONS					LIHTC ELIGIBLE BASIS		OTHER BASIS & COST ALLOCATIONS			
	Res Sq Foot:		100.00%	Assuming 266 Election? No							Deferred to Completion or Perm Conv.	Land/Basis for 50% Test	Historic Rehab Tax Credit Basis	ITC Tax Credit Basis (Solar PV)
			Total	Non-Depreciable	Residential	Non-Resid.	Expensed	Amortized	Constr./Rehab	Acquisition				
TOTAL	Per Unit	Residential	Depreciable											
ACQUISITION COSTS														
Total Purchase Price - Real Estate: 11,040,300														
Land - Hacienda Townhomes	696,600	13,396	696,600	696,600							0	696,600		
Building - Hacienda Townhomes	10,343,700	198,917	10,343,700		10,343,700	0				10,343,700	0	10,343,700		
Title/Recording/Escrow - Acquisition	70,000	1,346	70,000	4,417	65,583	0				65,583	0	70,000		
HARD COSTS														
Total Construction Contract: 9,198,429														
NEW CONSTRUCTION														
REHAB														
Demolition	602,302	11,583	602,302		602,302	0			602,302		0	602,302	602,302	
Hard Costs-Unit Construction	5,708,077	109,771	5,708,077		5,708,077	0			5,708,077		0	5,708,077	5,708,077	
Personal Property in Construction Contract	1,028,110	19,771	1,028,110		1,028,110	0			1,028,110		0	1,028,110	1,028,110	
Site Improvements/Landscape	449,500	8,644	449,500		449,500	0			449,500		0	449,500	449,500	
Rough Grading	5,000	96	5,000		5,000	0			5,000		0	5,000	5,000	
GC - General Conditions	733,878	14,113	733,878		733,878	0			733,878		0	733,878	733,878	
GC - Overhead & Profit	390,424	7,508	390,424		390,424	0			390,424		0	390,424	390,424	
GC - Insurance	149,220	2,870	149,220		149,220	0			149,220		0	149,220	149,220	
GC - Bond Premium	131,918	2,537	131,918		131,918	0			131,918		0	131,918	131,918	
Construction - Other - Other Hard Costs NIC	50,000	962	50,000		50,000	0			50,000		0	50,000	50,000	
Contingency - Owner's Construction	924,843	17,785	924,843		924,843	0			924,843		0	924,843	924,843	
SOFT COSTS														
Architecture - Design	184,000	3,538	184,000		184,000	0			184,000		0	184,000	184,000	0
Design/Engineering - Civil/MEP/Structural	220,660	4,243	220,660		220,660	0			220,660		0	220,660	220,660	0
Design/Engineering - Energy Efficiency	25,000	481	25,000		25,000	0			25,000		0	25,000	25,000	0
Phase I/II/Toxics Report	6,000	115	6,000		6,000	0			6,000		0	6,000	6,000	
PNA/CNA Report	10,000	192	10,000		10,000	0			10,000		0	10,000	10,000	
Special Inspections/Testing	15,000	288	15,000		15,000	0			15,000		0	15,000	15,000	
Prevailing Wage Monitor	95,000	1,827	95,000		95,000	0			95,000		0	95,000	95,000	0
Owner's Rep / Construction Supervision	100,000	1,923	100,000		100,000	0			100,000		0	100,000	100,000	0
Local Permits/Fees	104,750	2,014	104,750		104,750	0			104,750		0	104,750	104,750	
Relocation - Temporary (Rehab)	625,000	12,019	625,000		0	0	625,000		0		0	0	0	
Real Estate Taxes During Const	25,000	481	25,000		25,000	0	0		25,000		0	25,000	25,000	
Insurance During Const	70,000	1,346	70,000		70,000	0			70,000		0	70,000	70,000	0
Appraisal	17,850	343	17,850		17,850	0			17,850		0	17,850	17,850	
Market/Rent Comp Study	4,500	87	4,500					4,500	0		0	0	0	
SDHC and City Loan Fees	95,000	1,827	95,000		95,000	0			95,000		0	95,000	95,000	
SDHC Loan Legal/Asset Management	42,500	817	42,500		42,500	0			42,500		0	42,500	42,500	
Soft Cost Contingency	150,000	2,885	150,000		150,000	0			150,000		0	150,000	150,000	
Construction Loan Interest	1,013,545	19,491	1,013,545		548,616	0	464,929		548,616		0	548,616	548,616	0
Accrued Interest - Seller Carryback Loan	430,891	8,286	430,891		0	0	430,891		0	0	0	0	0	
Accrued Interest - SDHC Loan (Recast)	220,907	4,248	220,907		0	0	220,907		0	0	0	0	0	
Accrued Interest - Successor Agency Loan (Recast)	47,636	916	47,636		0	0	47,636		0	0	0	0	0	
Accrued Interest - Sponsor Loan (SDHC New Loan)	0	0	0		0	0	0		0	0	0	0	0	
Title/Recording/Escrow - Permanent	10,000	192	10,000					10,000			0			
Legal (Owner) Construction Closing	45,000	865	45,000		45,000	0			45,000		0	45,000	45,000	
Syndication - GP	45,000	865	45,000	45,000							0			
Syndication - LP	50,000	962	50,000	50,000							5,000			
Syndication Consulting	75,000	1,442	75,000	75,000							0			
Audit/Cost Certification	20,000	385	20,000				20,000				0			
TCAC Application/Res/Monitoring Fee	34,047	655	34,047					34,047			21,320			
Furnishings Not in Contract	25,000	481	25,000		25,000	0			25,000		0	25,000		
Capitalized Replacement Reserve	104,000	2,000	104,000	104,000							104,000			
Capitalized Operating Reserve (3 mos.)	226,193	4,350	226,193	226,193							226,193			
Developer Fee	2,000,000	38,462	2,000,000	400,000	1,600,000	0			1,242,666	357,334	821,746	1,600,000	1,242,666	0
COSTS OF ISSUANCE														
Bond & Issuer Counsel	60,000	1,154	60,000		0	0		60,000	0		0	0	0	
Issuer Financial Advisor	60,000	1,154	60,000		0	0		60,000	0		0	0	0	
Issuer Application Fee	13,000	250	13,000		0	0		13,000	0		0	0	0	
SDHC Issuer Fee - Upfront (0.25%)	32,422	623	32,422		0	0		32,422	0		0	0	0	
SDHC Issuer Fee - Annual During Const. (0.125%)	16,211	312	16,211		0	0		16,211	0		0	0	0	
Construction Lender Origination Fee	97,266	1,870	97,266		52,648	0		44,617	52,648		0	52,648	52,648	
Construction Lender Expenses (Incl inspections)	53,000	1,019	53,000		28,688	0		24,312	28,688		0	28,688	28,688	
Construction Lender Counsel	60,000	1,154	60,000		32,477	0		27,523	32,477		0	32,477	32,477	
Permanent Lender Expenses	10,000	192	10,000		0	0		10,000	0		0	0	0	
Permanent Lender Counsel	15,000	288	15,000		0	0		15,000	0		0	0	0	
Trustee Fee During Construction	50,000	962	50,000		0	0		50,000	0		0	0	0	
CDLAC Fee	5,739	110	5,739		0	0		5,739	0		0	0	0	
CDIAC Fee	3,242	62	3,242		0	0		3,242	0		0	0	0	
Subtotal - Financing/Costs of Issuance	475,880	9,152	475,880	0	113,814	0	0	362,066	113,814	0	0	113,814	113,814	0
TOTAL DEVELOPMENT COSTS														
27,896,930	536,479	27,896,930	1,601,209	24,075,745	0	1,809,363	410,614	13,309,128	10,766,617	1,178,259	24,776,762	13,284,128	0	
TDC Per Unit														
536,479		100.00%												
TDC Net of accrued interest:														
27,197,497														
TDC TCAC														
27,706,930			27,706,930											

Casa Nueva (Hacienda Townhomes)

Unit Mix & Rental Income															Version: 4.02 Closing																												
<div><div>AVERAGE AFFORDABILITY FOR LHFC UNITS (% of Median)</div><div>41.37%</div><div>9% TCAC INCOME TARGETING PTS: 50.90</div><div>RENT LIMITS AS OF YEAR: 2023</div></div>															<div><div>UTILITY ALLOWANCES</div><table><tr><td></td><td>HSR</td><td>ISR</td><td>JSR</td><td>LSR</td><td>MSR</td></tr><tr><td>Hacienda Townhomes</td><td>-</td><td>38</td><td>131</td><td>168</td><td>-</td></tr><tr><td>0</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td>0</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr></table></div>						HSR	ISR	JSR	LSR	MSR	Hacienda Townhomes	-	38	131	168	-	0	-	-	-	-	-	0	-	-	-	-	-
	HSR	ISR	JSR	LSR	MSR																																						
Hacienda Townhomes	-	38	131	168	-																																						
0	-	-	-	-	-																																						
0	-	-	-	-	-																																						
RESIDENTIAL INCOME																																											
LHFC - Tier 1 Hacienda Townhomes TCAC 30% AMI % of Units: 23.49%															Section 8 SUBSIDIZED																												
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Per Unit Monthly TCAC Net Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Quantity of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	Total Annual Income																								
HSR	1	850	30.0%				775	677	677	677	8,124	97,488	1	2,409	1,732	1,732	20,784	28,308	28,308																								
JSR	8	810	30.0%				930	799	799	799	6,392	76,704	8	3,114	2,315	18,520	222,240	288,944	288,944																								
LSR	4	1,000	30.0%				1,075	907	907	907	3,628	43,536	4	2,387	3,424	13,888	166,512	210,396	210,396																								
TOTAL	13										16,697	199,784	13			34,148	409,776	536,148	536,148																								
LHFC - Tier 2 Hacienda Townhomes TCAC 30% AMI % of Units: 11.79%															NOT SUBSIDIZED																												
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Per Unit Monthly TCAC Net Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Quantity of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	Total Annual Income																								
HSR	6	810	30.0%				930	800	799	799	4,794	57,528	0	0	0	0	0	57,528	57,528																								
TOTAL	6										4,794	57,528	0			0	0	57,528	57,528																								
LHFC - Tier 3 Hacienda Townhomes TCAC 30% AMI % of Units: 1.96%															NOT SUBSIDIZED																												
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Per Unit Monthly TCAC Net Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Quantity of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	Total Annual Income																								
HSR	1	810	24.4%				787	800	826	826	7,512	90,144	0	0	0	0	0	90,144	90,144																								
TOTAL	1										7,512	90,144	0			0	0	90,144	90,144																								
LHFC - Tier 4 Hacienda Townhomes TCAC 30% AMI % of Units: 1.96%															NOT SUBSIDIZED																												
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Per Unit Monthly TCAC Net Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Quantity of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	Total Annual Income																								
HSR	1	810	27.2%				845	799	714	714	8,568	102,816	0	0	0	0	0	102,816	102,816																								
TOTAL	1										8,568	102,816	0			0	0	102,816	102,816																								
LHFC - Tier 5 Hacienda Townhomes TCAC 30% AMI % of Units: 5.88%															NOT SUBSIDIZED																												
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Per Unit Monthly TCAC Net Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Quantity of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	Total Annual Income																								
HSR	3	810	28.4%				881	800	750	750	2,250	27,000	0	0	0	0	0	27,000	27,000																								
TOTAL	3										2,250	27,000	0			0	0	27,000	27,000																								
LHFC - Tier 6 Hacienda Townhomes TCAC 30% AMI % of Units: 1.96%															NOT SUBSIDIZED																												
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Per Unit Monthly TCAC Net Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Quantity of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	Total Annual Income																								
HSR	1	1,000	27.5%				985	907	817	817	9,804	117,648	0	0	0	0	0	117,648	117,648																								
TOTAL	1										9,804	117,648	0			0	0	117,648	117,648																								
LHFC - Tier 7 Hacienda Townhomes TCAC 50% AMI % of Units: 17.65%															NOT SUBSIDIZED																												
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Per Unit Monthly TCAC Net Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Quantity of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	Total Annual Income																								
HSR	9	1,000	30.0%				1,075	1,623	907	907	8,163	97,956	0	0	0	0	0	97,956	97,956																								
TOTAL	9										8,163	97,956	0			0	0	97,956	97,956																								
LHFC - Tier 8 Hacienda Townhomes TCAC 50% AMI % of Units: 9.88%															NOT SUBSIDIZED																												
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Per Unit Monthly TCAC Net Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Quantity of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	Total Annual Income																								
HSR	5	810	47.9%				1,486	1,420	1,355	1,355	6,775	81,300	0	0	0	0	0	81,300	81,300																								
TOTAL	5										6,775	81,300	0			0	0	81,300	81,300																								
LHFC - Tier 9 Hacienda Townhomes TCAC 50% AMI % of Units: 1.96%															NOT SUBSIDIZED																												
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Per Unit Monthly TCAC Net Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Quantity of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	Total Annual Income																								
HSR	1	810	40.1%				1,243	1,420	1,112	1,112	13,344	160,128	0	0	0	0	0	160,128	160,128																								
TOTAL	1										1,112	13,344	0			0	0	13,344	13,344																								
LHFC - Tier 10 Hacienda Townhomes TCAC 50% AMI % of Units: 1.96%															NOT SUBSIDIZED																												
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Per Unit Monthly TCAC Net Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Quantity of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	Total Annual Income																								
HSR	1	810	28.4%				881	1,420	750	750	9,000	108,000	0	0	0	0	0	108,000	108,000																								
TOTAL	1										750	9,000	0			0	0	9,000	9,000																								
LHFC - Tier 11 Hacienda Townhomes TCAC 50% AMI % of Units: 3.92%															NOT SUBSIDIZED																												
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Per Unit Monthly TCAC Net Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Quantity of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	Total Annual Income																								
HSR	2	1,000	27.5%				985	1,623	917	917	1,834	22,008	0	0	0	0	0	22,008	22,008																								
TOTAL	2										1,834	22,008	0			0	0	22,008	22,008																								
LHFC - Tier 12 Hacienda Townhomes TCAC 50% AMI % of Units: 1.96%															NOT SUBSIDIZED																												
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Per Unit Monthly TCAC Net Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Quantity of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	Total Annual Income																								
HSR	1	1,000	49.3%				1,657	1,623	1,489	1,489	17,868	214,416	0	0	0	0	0	214,416	214,416																								
TOTAL	1										1,489	17,868	0			0	0	17,868	17,868																								
LHFC - Tier 13 Hacienda Townhomes TCAC 50% AMI % of Units: 1.96%															NOT SUBSIDIZED																												
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Per Unit Monthly TCAC Net Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Quantity of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	Total Annual Income																								
HSR	1	1,000	50.0%				1,781	1,623	1,623	1,623	19,476	233,712	0	0	0	0	0	233,712	233,712																								
TOTAL	1										1,623	19,476	0			0	0	19,476	19,476																								
LHFC - Tier 14 Hacienda Townhomes TCAC 60% AMI % of Units: 1.96%															NOT SUBSIDIZED																												
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Per Unit Monthly TCAC Net Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Quantity of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	Total Annual Income																								
HSR	1	1,000	27.5%				985	1,881	817	817	9,804	117,648	0	0	0	0	0	117,648	117,648																								
TOTAL	1										817	9,804	0			0	0	9,804	9,804																								
LHFC - Tier 15 Hacienda Townhomes TCAC 60% AMI % of Units: 3.92%															NOT SUBSIDIZED																												
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Per Unit Monthly TCAC Net Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Quantity of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	Total Annual Income																								
HSR	2	1,000	38.7%				1,388	1,981	1,220	1,220	2,440	29,280	0	0	0	0	0	29,280	29,280																								
TOTAL	2										2,440	29,280	0			0	0	29,280	29,280																								
LHFC - Tier 16 Hacienda Townhomes TCAC 60% AMI % of Units: 5.88%															NOT SUBSIDIZED																												
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Per Unit Monthly TCAC Net Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Quantity of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	Total Annual Income																								
HSR	3	1,000	46.2%				1,657	1,981	1,489	1,489	4,467	53,604	0	0	0	0	0	53,604	53,604																								
TOTAL	3										4,467	53,604	0			0	0	53,604	53,604																								
Shut Units - Site 1 Hacienda Townhomes																																											
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Per Unit Monthly TCAC Net Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Quantity of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income	Total Annual Income																								
HSR	1	810	0.0%				0	0	0	0	0	0	0	0	0	0	0	0	0																								
TOTAL	1										0	0	0			0	0	0	0																								
TOTAL RESIDENTIAL INCOME																																											
Unit Type	Quantity	Unit Floor	Area	Actual Rent	Actual Rent	TCAC Other AMI	Per Unit Monthly Actual % Gross Rent	Total Monthly Actual % Gross Rent	Per Unit Monthly Actual Net Rent	Per Unit Monthly Actual Net Rent	Total Monthly Annual Net Rent	Total Annual Net Rent	Monthly Test C Income	Annual Test C Income	Monthly Test D Income	Annual Test D Income	Grand Total Income	Total Floor Area	Total Annual Income																								
LHFC	51	49,168	590,616						34,148	409,776	536,148	6,463,752	0	0	0	0	999,732	45,710	7,463,484																								
Non-LHFC	0	0	0						0	0	0	0	0	0	0	0	0	0	0																								
Shut Units	1	0	0						0	0	0	0	0	0	0	0	0	0	0																								
TOTAL	52	49,168	590,616						34,148	409,776	536,148	6,463,752	0	0	0	0	999,732	45,710	7,463,484																								

Casa Nueva (Hacienda Townhomes)

Calculation of Tax Credits	Version: 4.02 Closing

	FEDERAL			CALIFORNIA		
	ACQUISITION	CONST/ REHAB	TOTAL	ACQUISITION	CONST/ REHAB	TOTAL
TOTAL ELIGIBLE COSTS	10,766,617	13,309,128	24,075,745	0	0	0
Less:						
50% Energy Investment Tax Credit (Res. Portion)	0	0	0	0	0	0
Historic Tax Credit (Res. Portion)		0	0		0	0
Non-Eligible Federal Financing	0	0	0	0	0	0
Non-Eligible Grants	0	0	0	0	0	0
Soft Loan Basis Deduction	0	0	0	0	0	0
Voluntary Reduction for Tie-Breaker	0	0	0	0	0	0
ELIGIBLE BASIS	10,766,617	13,309,128	24,075,745	0	0	0
Threshold Basis Limit			76,787,248			
TBL: Exclude GP Cap/DDF for 4%/State			0			
REQUESTED UNADJUSTED ELIGIBLE BASIS (For Tiebreaker)	10,766,617	13,309,128	24,075,745	0	0	0
HIGH COST ADJUSTMENT (Y or N)	Y	100.0%	130.0%	100.0%	100.0%	
DDA & QCT 2023						
ADJUSTED ELIGIBLE BASIS	10,766,617	17,301,866	28,068,483	0	0	0
APPLICABLE FRACTION*	100.0%	100.0%		100.0%	100.0%	
QUALIFIED CREDIT BASIS	10,766,617	17,301,866	28,068,483	0	0	0
CREDIT RATE (TCAC UNDERWRITING)	Total State			13.00%	13.00%	
Annual Federal / Yr 1-3 State	4.00%	4.00%		4.00%	4.00%	
Yr 4 State				1.00%	1.00%	
MAX. POTENTIAL FEDERAL CREDIT (No Vol Basic Reduct/Actual Rate)						
Credit Rates	4.00%	4.00%				
Potential Credit	430,665	692,075	1,122,739			
Credit Rate Locked?	YES					
Nov-16						
MAX. CREDIT AMOUNT PER TCAC UNDERWRITING						
Annual Federal / Yr 1 State	430,665	692,075	1,122,739	0	0	0
Yr 2 State				0	0	0
Yr 3 State				0	0	0
Yr 4 State	0	0	0	0	0	0
Total	0	0	0	0	0	0
REQUESTED TOTAL STATE CREDIT AMOUNT				N/A	N/A	N/A
MAX ANNUAL FEDERAL CREDITS PER GEOGRAPHIC REGION - BLENDED (x 125%)			N/A			
MAX ANNUAL FEDERAL PER PROJECT ALLOCATION			N/A			
ACTUAL TCAC CREDIT RESERVATION						
Annual Federal / Total State	435,090	N/A	N/A	N/A	N/A	N/A
MAXIMUM ALLOWABLE CREDITS (Lesser of above)						
Annual Federal / Total State	430,665	692,075	1,122,739			0
UNADJUSTED ELIGIBLE BASIS AT MAX CREDIT AMOUNT	10,766,617	13,309,128	24,075,745			
UNADJUSTED BASIS EXCLUDED AT MAX CREDIT AMOUNT	0	0	0			
MAXIMUM ALLOWABLE - TEN YEAR TOTAL			11,227,393			0

TOTAL STATE + FEDERAL LIHTC AMOUNTS - 10 YEARS			
Total Federal + State	11,227,393	Blended Credit Request:	1,122,739
General Partner Share	0.01%	1,123	Est. 125% Target for San Diego Co.:
Limited Partner Share	99.99%	11,226,270	Credit Request Under / (Over) Geographic Region:
			N/A

FIRST YEAR CREDIT CALCULATION (Federal)						
Actual Basis Method?	Y	Acquisition	Rehab/NC	"A" Bldgs: Acq	Rehab/NC	"B" Bldgs: Acq
						Rehab/NC
Maximum Potential Federal Credit w/ Actual Basis-Annual Wgt Avg Lease-up (from Page 7)		430,665	692,075	430,665	692,075	0
Maximum Potential Prorated Credit w/ Actual Basis				75.0%	75.0%	0.0%
TCAC Credit Reservation-Annual		430,665	692,075	322,999	519,056	0
First Year Credit (Lesser of Above)				430,665	692,075	0
				322,999	519,056	0

ENERGY TAX CREDIT CALCULATION	
Total PV Hard Costs	0
Related Soft Costs (Eng, Interst, etc.)	-
Related Developer Fee	-
Total ITC Depreciable Basis	-
less: Grants/Rebates	-
Tax-Exempt Portion	0.01%
less: Tax-Exempt Portion	-
Net Basis for Investment Tax Credit	-
Credit Percentage	0.0%
Total Investment Tax Credit	0
Residential Portion of Credit	0
Total Elig. 45L Costs (per Program Limits)	0
Tax-Exempt Portion	0.01%
less: Tax-Exempt Portion	-
Net Basis for 45L Tax Credit	-
Credit Percentage	0.0%
Total 45L Tax Credit	0
Residential Portion of Credit	0

*APPLICABLE FRACTION			
	Number of	Total	
	Units	Sq Ft	
LIHTC	Fraction	Fraction	
Non-LIHTC	51	45,710	100.0000%
	0	0	0.0000%
TOTAL	51	45,710	100.0000%
Applicable Fraction	100.0000%		
(Lesser of Low Income			
Units or Sq Ft %)			

HISTORIC CREDIT CALCULATION	
Total Depreciable Basis	24,075,745
less: Historic Acquisition Basis	10,766,617
less: Site Work	0
less: Personal Property	1,053,110
Basis for Historic Credit (p. 1a, right column)	12,256,018
% Project SF Historic:	50.00%
Basis for HTC (Adjusted by SF):	6,128,009
Tax-Exempt Use Portion	49.00%
(Less Tax-Exempt Use Portion)	(3,002,724)
Basis for Historic Credit (p. 1a, right column)	3,125,285
Credit Percentage	0.0%
Res. Portion of Historic Basis (cost cert)	3,125,285
Percentage related to Residential	100.0%
Total Historic Credit	0
Res. Portion of Historic Credit	0

Casa Nueva (Hacienda Townhomes)

Base Year Income & Expense

Version: 4.02 Closing

INCOME		
Scheduled Gross Income - Residential		590,016
Total Gross Subsidy Income - Section 8		409,776
Misc. Income		7,515
Vacancy Loss - Residential	5.0%	(29,877)
Vacancy Loss - Section 8	5.0%	<u>(20,489)</u>
EFFECTIVE GROSS INCOME		956,942
EXPENSES - RESIDENTIAL		
Administrative		
Legal	5,000	
Accounting/Audit	15,000	
Security	1,000	
Other: Office Expenses, Internet, Training, Misc Admin	<u>20,500</u>	
Total Administrative		41,500
Management Fee		39,780
Utilities		
Fuel	0	
Gas	25,722	
Electricity	10,000	
Water/Sewer	113,703	
Resident Utility Reimbursement	<u>0</u>	
Total Utilities		149,425
Payroll/Payroll Taxes		
On-Site Manager/Office Admin	47,840	
Maintenance Payroll	52,000	
Manager Unit Expense/(Credit)	0	
Payroll Taxes/Benefits, Vehicle Expense, Processing	<u>30,952</u>	
Total Payroll/Payroll Taxes		130,792
Insurance		25,000
Maintenance		
Painting	3,500	
Repairs	27,000	
Trash Removal	21,555	
Exterminating	3,500	
Grounds	0	
Elevator	6,000	
Flooring, Fire/Alarm, Cleaning, Misc Maintenance	<u>16,000</u>	
Total Maintenance		77,555
Other		
Bad Debt	5,000	
Misc. Tax/License	1,000	
SPONSOR OPEX INFLATOR TO COMPLETION	<u>0</u>	
Total Other		6,000
Resident Services		
Tenant Services	35,000	
Tenant Activities	0	
	<u>0</u>	
Total Resident Services		35,000
Replacement Reserve		26,000
Real Estate Taxes		<u>17,500</u>
TOTAL EXPENSES - RESIDENTIAL		548,552
Per Unit Per Annum (incl. Reserves)	10,549	
Per Unit Per Annum (w/o taxes/res/svc))	9,039	
TCAC Minimum (w/o taxes/res/svc)	5,700	
NET AVAILABLE INCOME		408,390
Less: Monitoring Fees		(8,415)
ADJUSTED NET AVAILABLE INCOME: TOTAL		399,975
ADJUSTED NET OF COMMERCIAL:		399,975
ADJUSTED NET AVAILABLE INCOME: NET OF OP SUBSIDY		10,687
Debt Service Coverage Ratio		1.15
AVAILABLE FOR SENIOR DEBT SERVICE (NET OF OP SUBSIDY)		9,293
AVAILABLE FOR SENIOR DEBT SERVICE (OP SUBSIDY OVERHANG)		338,511
NET AVAILABLE INCOME AFTER SENIOR DEBT SERVICE		52,171
NET AVAILABLE COMMERCIAL ONLY INCOME		0

Casa Nueva (Hacienda Townhomes)

Mortgage Calculation/Bond Ratios

Version: 4.02 Closing

TRANCHE A

Uses baseline year NOI; includes annual fees				
Financing Type: Chase Tax Exempt Permanent Loan				
	Underwriting	Maximum		
	Constraint	Loan Amount		
Debt Service Coverage	1.15	4,689,280	Rate:	6.444%
Lender Commitment		3,593,920	Amortization (mos):	420
			NOI for DS:	<u>399,975</u>
			Max PMT @ DSCR:	347,804
MAXIMUM MORTGAGE		4,689,280	Annual Fees:	<u>10,000</u>
			Annual DS Payment:	337,804

BOND / REHABILITATION RATIOS

Tax-Exempt Financing Ratio		CDLAC Allocation Limit		Effective Date Limits.	6/1/20
			Units	Per-Unit Limit	Total Limit
		Studio and SRO	0	522,000	0
		One BR	1	544,000	544,000
Series A Bonds	4,689,270	Two BR	27	580,000	15,660,000
Series B Bonds	0	Three BR	24	638,000	15,312,000
Short Term Bonds (Construction Loan Portior	<u>8,279,491</u>	Four BR or More	0	671,000	0
TOTAL TAX-EXEMPT FINANCING	12,968,761				
				TOTAL	31,516,000
TOTAL BASIS + LAND ALLOCATION	24,776,762			Potential Bond Size	12,968,761
				Over/(Under)	-18,547,239
Percent Tax-Exempt Financing	52.34%				

Rehabilitation Cost Ratios

Total Rehabilitation Basis	13,309,128	
<u>LIHTC TEST</u>		
Elig. Rehabilitation Per Low-Income Unit	339,252	IRS Minimum Per Unit: \$7400
Percentage of Building Basis	129%	(Minimum 20%)
<u>TAX-EXEMPT BOND TEST</u>		
Building Basis Financed with Bonds	5,635,510	
Rehabilitation Basis	13,309,128	
% Tax-Exempt Use Property	49.00%	
Rehab Basis - Non-Tax-Exempt Use Portion	6,787,655	
Rehab as % of Bldg Basis Financed w/ Bonds	120.44%	(Minimum 15%)

Casa Nueva (Hacienda Townhomes)

15-Year Cash Flow

Version: 4.02 Closing

Assumptions																				
Rent Increase: Residential Tenant	2.00%	Rent Increase - Section 8	2.00%	Perm Loan - % Debt Svc Yr 0	0.0%															
Rent Increase: Commercial Rents	2.00%	Rent Increase - NA	2.00%	Perm Loan - % Debt Svc Yr 1	50.0%															
Expenses Increase:	3.00%	Rent Increase - Test C	2.00%	Perm Loan - % Debt Svc Yr 2	100.0%															
Reserve Increase:	0.00%	Rent Increase - Test D	2.00%	Perm Loan - % Debt Svc Yr 3	100.0%															
				Perm Loan - % Debt Svc Yr 4	100.0%															
Credit Period Year:		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
GROSS POTENTIAL INCOME - RESIDENTIAL		0	443,458	598,885	610,863	623,080	635,542	648,253	661,218	674,442	687,931	701,689	715,723	730,038	744,638	759,531	774,722	790,216	806,021	822,141
Incremental Income: Section 8		0	307,989	415,936	424,254	432,740	441,394	450,222	459,227	468,411	477,779	487,335	497,082	507,023	517,164	527,507	538,057	548,818	559,795	570,991
Misc. Income		0	5,648	7,628	7,781	7,936	8,095	8,257	8,422	8,590	8,762	8,937	9,116	9,298	9,484	9,674	9,868	10,065	10,266	10,472
Vacancy Loss - Residential	5.0%	0	(22,455)	(30,326)	(30,932)	(31,551)	(32,182)	(32,825)	(33,482)	(34,152)	(34,835)	(35,531)	(36,242)	(36,967)	(37,706)	(38,460)	(39,229)	(40,014)	(40,814)	(41,631)
Vacancy Loss - Section 8	5.0%	0	(15,399)	(20,797)	(21,213)	(21,637)	(22,070)	(22,511)	(22,961)	(23,421)	(23,889)	(24,367)	(24,854)	(25,351)	(25,858)	(26,375)	(26,903)	(27,441)	(27,990)	(28,550)
GROSS EFFECTIVE INCOME		0	719,240	971,326	990,753	1,010,568	1,030,779	1,051,395	1,072,423	1,093,871	1,115,749	1,138,064	1,160,825	1,184,042	1,207,722	1,231,877	1,256,514	1,281,645	1,307,278	1,333,423
Operating Expenses w/ Standard Inflator	3.0%	0	323,394	439,974	453,173	466,768	480,771	495,194	510,050	525,352	541,112	557,346	574,066	591,288	609,027	627,297	646,116	665,500	685,465	706,029
Operating Expenses w/ Alternate Inflators:																				
Management Fee	3.0%	0	29,899	40,677	41,897	43,154	44,449	45,782	47,156	48,570	50,028	51,528	53,074	54,666	56,306	57,996	59,735	61,528	63,373	65,275
Tenant Services	3.0%	0	26,306	35,789	36,863	37,969	39,108	40,281	41,489	42,734	44,016	45,337	46,697	48,098	49,541	51,027	52,558	54,134	55,758	57,431
Real Estate Taxes	2.0%	0	13,153	17,763	18,118	18,481	18,850	19,227	19,612	20,004	20,404	20,812	21,229	21,653	22,086	22,528	22,978	23,438	23,907	24,385
TOTAL EXPENSES		0	392,751	534,203	550,051	566,372	583,178	600,485	618,307	636,660	655,560	675,023	695,066	715,705	736,960	758,848	781,388	804,600	828,503	853,119
Total Expenses - Residential	3.0%	0	392,751	534,203	550,051	566,372	583,178	600,485	618,307	636,660	655,560	675,023	695,066	715,705	736,960	758,848	781,388	804,600	828,503	853,119
NET OPERATING INCOME		0	326,488	437,123	440,702	444,196	447,601	450,910	454,116	457,211	460,189	463,041	465,760	468,336	470,763	473,029	475,126	477,045	478,774	480,304
REPLACEMENT RESERVE	26,000	0	19,542	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Monitoring Fees	8,415	0	6,325	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415
NET REMAINING INCOME		0	300,622	402,708	406,287	409,781	413,186	416,495	419,701	422,796	425,774	428,626	431,345	433,921	436,348	438,614	440,711	442,630	444,359	445,889
PERM LOAN - TRANCHE A																				
Chase Tax Exempt Permanent Loan																				
Principal Balance (Ending)	4,689,270	0	4,674,265	4,636,571	4,596,375	4,553,511	4,507,801	4,459,058	4,407,079	4,351,649	4,292,541	4,229,509	4,162,293	4,090,615	4,014,179	3,932,670	3,845,751	3,753,062	3,654,221	3,548,818
Annual Issuer Fee	10,000 0.125%	0	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Series A Bond P&I	337,803	0	140,751	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803	337,803
Interest Payment		0	125,747	300,109	297,607	294,939	292,094	289,060	285,824	282,374	278,695	274,771	270,587	266,126	261,368	256,294	250,884	245,114	238,962	232,401
Principal Payment		0	15,005	37,694	40,196	42,864	45,709	48,744	51,979	55,429	59,109	63,032	67,216	71,678	76,435	81,509	86,919	92,689	98,841	105,402
TOTAL SERIES A DEBT SERVICE		0	140,751	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803	347,803
NET CASH FLOW		0	159,871	54,905	58,483	61,978	65,383	68,692	71,897	74,993	77,970	80,822	83,541	86,118	88,544	90,811	92,908	94,827	96,556	98,085
Debt Service Coverage Ratio (All Debt)		N/A	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.22	1.23	1.24	1.25	1.25	1.26	1.27	1.27	1.28	1.28
Debt Service Coverage Ratio (Excluding Subordinate Debt)		N/A	1.15	1.16	1.17	1.18	1.19	1.20	1.21	1.22	1.22	1.23	1.24	1.25	1.25	1.26	1.27	1.27	1.28	1.28
Expense Coverage Ratio (No Debt)		N/A	1.72	1.71	1.70	1.68	1.67	1.66	1.64	1.63	1.62	1.60	1.59	1.58	1.57	1.55	1.54	1.53	1.51	1.50
TCAC NET CASH FLOW TESTS:																				
Percent Gross Revenue		N/A	7.84%	5.37%	5.61%	5.83%	6.03%	6.21%	6.37%	6.51%	6.64%	6.75%	6.84%	6.91%	6.96%	7.00%	7.02%	7.03%	7.02%	6.99%
25% Debt Service Test		N/A	18.40%	18.40%	18.40%	18.40%	18.80%	19.75%	20.67%	21.56%	22.42%	23.24%	24.02%	24.76%	25.46%	26.11%	26.71%	27.26%	27.76%	28.20%
Alternative:																				
Year 15 Test - Greater of: (a) 2% Gross Income OR (b) lesser of \$25,000 or \$500/unit																				26,453

ATTACHMENT 4
HOUSING COMMISSION MULTIFAMILY
HOUSING REVENUE BOND PROGRAM SUMMARY

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

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

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

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

Approval Process:

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

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

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

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

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

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



315 W. 5th Street
Los Angeles, CA 90013
tel. 213.405.1416

November 06, 2023

Mr. Joe Correia
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, California 92101

RE: Casa Nueva Apartments

Dear Mr. Correia:

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

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

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

CURRENT PROJECT STATUS AND THE PROPOSED DEVELOPMENT

The Project consist of the acquisition and rehabilitation of an existing 52-unit development (the "Development") located at 350 17th Street, San Diego 92101 (the "Site"). The Project was originally constructed in 1994 and was funded from sources including equity raised from the sale of "9%" low-income housing tax credits. The Developer purchased the LP interest in Hacienda Townhomes, Ltd from the original tax credit limited partner. Upon Close of the financing, the Project will be purchased from the current owner by a new tax credit limited partnership – Casa Nueva II, LP.

Acquisition and rehabilitation of the Development would be financed from, among other sources, equity raised from the sale of 4% low-income housing tax credits and tax-exempt bonds issued by the Housing Authority of the City of San Diego (the "Housing Authority"). 51 units will be subject to affordability restrictions as further described herein; one 2-bedroom unit will be an unrestricted manager's unit.

On April 06, 2023, the Commission adopted a resolution (no. HC-1982) evidencing the official intent, on behalf of the Housing Authority of the City of San Diego, to conduct a tax-exempt issuance in the not-to-exceed amount of \$14,000,000 for the Project. The resolution also approved submittal of the application to the California Debt Limit Allocation Committee ("CDLAC") for an allocation of private activity tax-exempt authority for the Project.

As the Commission is authorized to hold TEFRA hearings pursuant to Multifamily Mortgage Revenue Bond Program Policy Amendments the Housing Authority approved March 9, 2021 (Report No. HAR20-043; Resolution No. HA-1906), the public hearing required pursuant to Section 147(f) of the Internal Revenue Code for tax-exempt issuances ("TEFRA") was held by the Commission – also on April 06, 2023. The TEFRA hearing remains valid through one year after the hearing date.

On May 23, 2023, the Housing Authority submitted an application to CDLAC for \$12,968,761 in private activity tax-exempt issuance authority for the Project.

On August 23, 2023, CDLAC awarded \$12,968,761 in private activity tax-exempt allocation to the Housing Authority for the Project.

THE PROPOSED FINANCING

The Developer proposes that the Housing Authority issue up to \$12,968,761 in tax-exempt bonds (the "Bond") for the Project. The Bond would be issued pursuant to an Indenture between the Housing Authority and the Lender, and separate Loan Agreement by and among the Housing Authority, the Borrower, and the Lender.

The Developer proposes, pursuant to an LOI, and a Summary of Indicative Terms and Conditions ("Term Sheet"), dated August 17, 2023, from JP Morgan Chase Bank (the "Lender"), that the Bond would be purchased and held, on a private-placement basis, by the Lender during the construction phase of the Project. Upon completion, satisfying certain conditions to conversion and conversion to the permanent phase, a portion the outstanding Bond would be redeemed, and the Lender would continue to hold the Bond in the amount of the permanent loan. Construction draws of tax-exempt Bond proceeds would be funded on and as-needed "draw-down" basis.

According to projections provided by the Developer, the total development cost (“TDC”) totals approximately \$7,896,940.

Casa Nueva: Construction and Permanent Source Summary¹

	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond	12,968,760	4,689,270
Tax Credit Equity	982,300	9,822,990
Commission Loan (New)	1,583,160	2,200,000
Commission Loan (Recast)	3,198,960	3,199,000
Accrued Interest	220,910	220,910
Successor Agency Loan (Recast)	689,810	690,000
Accrued Interest	47,640	47,640
Seller Carryback Loan	6,239,730	6,239,730
Accrued Interest	430,890	430,890
Deferred Developer Fee	<u>356,510</u>	<u>356,510</u>
Total Sources	26,718,670	27,896,940

Casa Nueva: Permanent Use Summary²

	<u>Permanent</u>
Land and Acquisition Costs	11,110,300
Construction/Rehabilitation Costs	9,248,430
Construction Contingency (Owner + Contractor's)	924,840
Developer Fee	2,000,000
Capitalized Replacement Reserve	104,000
Capitalized Operating Reserve	226,190
Capitalized Construction Loan Interest	1,013,550
Other Hard and Soft Costs	<u>3,269,630</u>
Total Uses	27,896,940

Ownership

The Project will be owned by Casa Nueva II, LP. (the “Borrower”). The Borrower will consist of Casa Nueva II LLC as the Managing General Partner (with San Diego Community Housing Corporation (SDCHC) as its Manager/Sole Member). An entity of Merritt Capital (the “Tax Credit Investor”) will be the tax credit investor limited partner.

Tax-Exempt Bond Structure and Credit Enhancement

Construction Loan

The Developer proposes that the Housing Authority issue the tax-exempt Bond maximum amount of \$12,968,761 in order to finance the acquisition and construction of the Project. Solely revenues pledged under the Indenture and Loan Agreements will secure the payment of principal and interest to the Lender.

¹ Source: Developer projections. Rounding by CSG. Total of Uses and Sources may not equal due to rounding.

² Source: Developer/Tax Credit Investor projections. Rounding by CSG. Total of Uses and Sources may not equal due to rounding.

The Bond would be unrated, without credit enhancement, and would be purchased by the Lender on a private placement basis. The Bond would be funded on a draw-down basis through the construction period. Upon stabilization and conversion, a portion of the tax-exempt Bond will be redeemed (from tax credit equity and other sources).

As unrated, non-credit enhanced Bonds sold on a private placement basis, the Bond must meet the minimum requirements of the Commission's policies for such issues (e.g., maximum \$100,000 minimum denominations, no more than 15 Bondholders, etc).

The construction period would be 18 months. The Lender's Construction Loan Term Sheet provides for interest of 30-day SOFR plus 1.35% (approximately 6.67% as of October 17, 2023). Payments during the construction period would be interest-only.

Permanent Loan

Upon conversion to the permanent loan, the Borrower proposes to redeem a portion of the outstanding tax-exempt Bond with available sources (e.g., tax credit equity). The remaining outstanding tax-exempt Bond will convert to a permanent loan.

According to the Lender's Term Sheet, the permanent loan would have a term of 17 years following the Conversion and an amortization period of 35 years. The rate-setting formula as set forth in the Lender's Commitment would result in fixed rate of 6.19% as of October 17, 2023.

Projected Issuance Date

The Developer proposes that the Housing Authority issue the Bond on or about December 18, 2023. The Authority received an allocation tax-exempt authority in the amount of \$12,968,761 from CDLAC at its August 23, 2023 allocation meeting date. The allocation expiration date provided by CDLAC is February 14, 2024.

Commission Financial Involvement

Existing Loan

The Commission has an existing loan to the Project in the currently outstanding amount of \$3,017,000 (principal plus accrued interest). On April 06, 2023, the Commission approved a "recast" of this loan – to assign it to the new Borrower, allow for a reduction in interest rate from 4.5% to the applicable federal rate (AFR) in effect at Close, and extend the term for 55-years. However, the current long-term AFR is 4.83% i.e., *higher* than the loan's existing interest rate. If this relationship persists, the loan will be required to bear a higher interest rate and/or be further modified in order to address certain tax considerations.

New Loan

On March 30, 2023, the Commission also approved a new, forgivable, loan to the Project in the not-to-exceed amount of \$2,200,000 with a 55-year term. The proceeds initially would be a loan to the Developer – which will subsequently make a loan of these proceeds to the Borrower. The loan the general partner would be forgivable at the rate of 1/55th per year with no interest accruals. The Developer’s loan to the Borrower is proposed to bear interest at 0%.

Affordability Restrictions

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

Source of Restriction	Restriction (designated AMI level, or lower)	Total Restricted Units	Expiration Date
Commission Existing Loan ¹	34 units at 30% AMI 11 units at 50% AMI 6 units at 60% AMI	15	55 years
Commission New Loan	34 units at 30% AMI 11 units at 50% AMI 6 units at 60% AMI	51	55 years
City of San Diego Successor Agency Existing Loan	12 units at 35% AMI ² 19 units at 50% AMI ² 20 units at 60% AMI ²	51	55 years
CDLAC Debt Limit Allocation Committee and California Tax Credit Allocation Committee	34 units at 30% AMI 11 units at 50% AMI 6 units at 60% AMI	51	55 years

¹Existing restrictions are: 12 units at 35% AMI; 19 units at 50% AMI, 20 units at 60% AMI

²per California Community Redevelopment Law (Health & Safety Code, Sections 33000, et seq.

Summary of Inclusive Restrictions

34 units at 30% AMI (55 years)
11 units at 50% AMI (55 years)
6 units at 60% AMI (55 years)

PROJECT’S PROJECTED FINANCIAL STATUS

Under the proposed financing – according to information provided by the Developer and analysis by CSG – annual permanent debt service on the proposed senior permanent loan of \$4,689,270 would total approximately \$324,261. According to preliminary information provided by the Developer and analysis by CSG, stabilized annual cash flow (before reserves) after construction and lease-up (including Issuer fees) would total approximately \$83,362 at a debt coverage ratio (DCR) of 1.26. Cash flow after reserves would total approximately \$57,362 at a DCR of 1.18.

THE BENEFITS AND RISKS TO THE COMMISSION

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

As proposed, the financing will retain 51 affordable units in the City of San Diego. These units will remain long-term affordable for approximately 55 additional years under requirements of the Commission, the City of San Diego, and CTCAC and CDLAC.

If the Authority issues the Bond, the Commission would receive a fee at closing of 0.25% of the issue amount (approximately \$32,000) and an annual fee equal to the greater of \$10,000 and 0.125% of the outstanding Bond immediately following Conversion.

PUBLIC PURPOSE

The proposed financing will retain 51 affordable family housing units in the City of San Diego. The proposed financing will result in new Commission, City of San Diego, CDLAC, CTCAC regulatory restrictions for 55 years. The inclusive restrictions will be:

34 units at 30% AMI (55 years)
11 units at 50% AMI (55 years)
6 units at 60% AMI (55 years)

NEGOTIATION OF ADDITIONAL PUBLIC BENEFIT

As noted above, the financing will result in long-term affordability restrictions on 51 units within the Project.

RECOMMENDATIONS

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

- The financing will retain 51 affordable family units in the City of San Diego with long-term affordability covenants.
- The Commission has received tax-exempt authority of \$12,968,761 from CDLAC for the Project.
- The Lender and the Tax Credit Investor are currently underwriting the Project.

- The net tax-exempt financing and tax credit equity will provide approximately \$14,512,260 for rehabilitation costs.

Contingent Items

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

- The Project's financial underwriting must be consistent among the Developer, the Lender and the Tax Credit Investor.
- As of this writing, neither the Lender nor the Tax Credit Investor has provided final credit approval for the financing. The Bonds cannot be issued without these final approvals.
- Final Bond documents and approving resolution must be approved by the Housing Authority.

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

Sincerely,
CSG Advisors



John Hamilton

Exhibit A

Casa Nueva

date of rev: 11 06 2023

Long-Term Tax-Exempt Loan Loan

	Tranche A	Tranche B	Total
Principal Amount ¹	\$ 4,689,270	\$ -	\$ 4,689,270
Mortgage Rate ²	6.090%	0.000%	
Amortization Term (yrs) ²	35	0	
Underwriting Monthly Debt Service	\$ 27,022	\$ -	\$ 27,022
Underwriting Annual Debt Service	\$ 324,261	\$ -	\$ 324,261

¹ Source: Developer projections dated 10 12 2023. JP Morgan Chase Term Sheet (08 17 2023) shows max of \$3,593,920

² Formula per JP Morgan Chase Term Sheet (08 17 2023) 10yr SOFR Swap Rate + 1.80%. 10yr SOFR Swap Rate is 4.290% as of 11 06 2023. Developer projections reflect 6.569%

Post-Financing Operations Analysis ¹

Income		Stabilized Year				
		1	2	3	4	5
Gross Tax Credit Rental Income ¹	2.00% Inflation	\$ 590,016	\$ 601,816	\$ 613,853	\$ 626,130	\$ 638,652
Rental Assistance Increment	2.00% Inflation	\$ 409,776	\$ 417,972	\$ 426,331	\$ 434,858	\$ 443,555
Other Income	2.50% Inflation	\$ 7,520	\$ 7,708	\$ 7,901	\$ 8,098	\$ 8,301
Gross Potential Income (GPI)		\$ 1,007,312	\$ 1,027,496	\$ 1,048,084	\$ 1,069,085	\$ 1,090,508
Vacancy Collection Loss ²	5.00%	<u>(50,360)</u>	<u>(51,375)</u>	<u>(52,404)</u>	<u>(53,454)</u>	<u>(54,525)</u>
Effective Gross Income		\$ 956,952	\$ 976,121	\$ 995,680	\$ 1,015,631	\$ 1,035,982
Expenses						
Operating Expenses	3.50% Inflation	\$ (511,050)	\$ (528,937)	\$ (547,450)	\$ (566,610)	\$ (586,442)
RE Taxes	3.50% Inflation	\$ (17,500)	\$ (18,113)	\$ (18,746)	\$ (19,403)	\$ (20,082)
Issuer Fee	\$ 10,000 min 0.125%	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)
SDHC Monitoring Fee	\$ 157.50 /unit (51 units)	\$ (8,030)	\$ (8,030)	\$ (8,030)	\$ (8,030)	\$ (8,030)
Trustee Fee ³	\$ 2,750 min 0.021%	\$ (2,750)	\$ (2,750)	\$ (2,750)	\$ (2,750)	\$ (2,750)
Total Expenses		\$ (549,330)	\$ (567,829)	\$ (586,976)	\$ (606,793)	\$ (627,303)
Net Operating Income		\$ 407,622	\$ 408,292	\$ 408,704	\$ 408,838	\$ 408,679
Required Debt Service						
Senior						
Real Estate Loan		\$ (324,260)	\$ (324,260)	\$ (324,260)	\$ (324,260)	\$ (324,260)
Cash Flow before Reserves		\$ 83,362	\$ 84,032	\$ 84,444	\$ 84,578	\$ 84,419
Debt Coverage Ratio Before Reserves		1.26	1.26	1.26	1.26	1.26
Reserves	500 per unit 0% Inflation	\$ (26,000)	\$ (26,000)	\$ (26,000)	\$ (26,000)	\$ (26,000)
Cash Flow After Reserves		\$ 57,362	\$ 58,032	\$ 58,444	\$ 58,578	\$ 58,419
Overall Debt Coverage Ratio (DCR)		1.18	1.18	1.18	1.18	1.18
Cash Flow Including Commercial Income		57,362	58,032	58,444	58,578	58,419
Debt Coverage Ratio Including Commercial Income ⁴		1.18	1.18	1.18	1.18	1.18

CTCAC Coverage Tests. Higher of:

25% Debt Service (25% max)	25%	81,065	17.69%	17.90%	18.02%
% Gross Revenue (8% max)	8%	\$80,585	5.69%	5.65%	5.58%

¹ Source: Developer projections dated 10 12 2023. Not inflated to placed-in-service (PIS). Rounding by CSG Advisors

² Of Gross Potential Income.

³ Actual Trustee fee proposal

⁴ Minimum coverage per JP Morgan Chase Term Sheet is 1.15

Exhibit A

Casa Nueva Permanent Sources and Uses of Funds

Sources¹

Tax-Exempt Bond	\$ 4,689,270
Tax Credit Equity	\$ 9,822,990
SDHC Loan (New)	\$ 2,200,000
Accrued Interest	\$ -
SDHC Loan (Recast)	\$ 3,199,000
Accrued Interest	\$ 220,910
Successor Agency Loan (Recast)	\$ 690,000
Accrued Interest	\$ 47,640
Seller Carryback Loan	\$ 6,239,730
Accrued Interest	\$ 430,890
Deferred Developer Fee	<u>\$ 356,510</u>
Total Sources	\$ 27,896,940

Uses¹

Land and Acquisition Costs	\$ 11,110,300
Construction/Rehabilitation Costs	\$ 9,248,430
Construction Contingency (Owner + Contractor's)	\$ 924,840
Developer Fee	\$ 2,000,000
Capitalized Replacement Reserve	\$ 104,000
Capitalized Operating Reserve	\$ 226,190
Capitalized Construction Loan Interest	\$ 1,013,550
Other Hard and Soft Costs	<u>\$ 3,269,630</u>
Total Uses	\$ 27,896,940

Surplus(Deficit) ²	\$ -
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¹ Source: Information provided by Developer. Rounding by CSG

² Surplus due to rounding

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

1. Name of CONTRACTOR: San Diego Community Housing Corporation
2. Address and Zip Code: 4725 Mercury St., Suite 202, San Diego, CA 92111
3. Telephone Number: 619-876-4222
4. Name of Principal Contact for CONTRACTOR: Ted Miyahara
5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0661980
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as:

☐ A corporation (Attach Articles of Incorporation)

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

☐ A partnership known as: _____

(Name)

Check one:

☐ General Partnership (Attach statement of General Partnership)

☐ Limited Partnership (Attach Certificate of Limited Partnership)

☐ A business association or a joint venture known as: _____

(Attach joint venture or business association agreement)

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

☐ Other (explain)

7. If the CONTRACTOR is not an individual or a government agency or instrumentality, give date of organization:
10/24/94
8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
 - a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
 - b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

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

- c. If the CONTRACTOR is a partnership, each partner, whether a general or limited, and either the percent of interest or a description of the character and extent of interest.
- d. If the CONTRACTOR is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
- e. If the CONTRACTOR is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%. (Attach extra sheet if necessary)

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

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

Yes. Becca Williams, Adam Smith, Jim Miller were added to the board.

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

No

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: N/A	
Address:	
Name:	
Address:	
Name:	
Address:	

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

Name and Address	Position Title (if any) and percent of interest or description of character and extent of interest
Name: Ted Miyahara	President & CEO
Address: 4725 Mercury St. #202	
San Diego, CA 92111	
Name:	
Address:	
Name:	
Address:	

13. Is the CONTRACTOR a subsidiary of or affiliated with any other corporation or corporations, any other firm or any other business entity or entities of 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.

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

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

On file with the San Diego Housing Commission

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

Sources include funds from the San Diego Housing Commission FY21 NOFA, assumption of existing former Redevelopment Agency loan, assumption of existing Housing Commission loan, seller contribution, developer fee contribution, low income housing tax credits and private activity bonds.

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

- a. In banks/savings and loans:

Name: California Bank & Trust

Address:

Amount: \$ 5,627,063

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

Name:

Address:

Amount: \$

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

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

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

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

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

☐ Yes

☒ No

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

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

☐ Yes

☒ No

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

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

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

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

- a. Name and addresses of such contractor or builder:

Name and Address	Affiliation
Name:	
Address:	
Name:	
Address:	
Name:	
Address:	

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

☐ Yes

☐ No

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

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

General description of such work:

List each project, including location, nature of work performed, name, address of the owner of the project, bonding companies involved, amount of contract, date of commencement of project, date of completion, state whether any

change orders were sought, amount of change orders, was litigation commenced concerning the project, including a designation of where, when and the outcome of the litigation. (Attach extra sheet if necessary)

Project Name		
Project Owner Contact Information		
	Name	Address
Project Location		
Project Details		
Bonding Company Involved		
	Name	Amount of Contract
Change Order Details		
Change Order Cost		
Litigation Details		
	Location/Date	Outcome Details

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

Identification of Contract or Development	Location	Amount	Date to be Completed

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

Awarding Agency	Amount	Date Opened

22. Provide a detailed and complete statement regarding equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor: The SDCHC team brings hands-on experience and expertise in deal structuring and negotiation. project management, finance, design, construction, property management and asset management. Our experience allows us to develop synergies across multiple segments of our industry and capitalize on in-house expertise across a wide range of project types. Staff also specializes in government financing programs which involves complex rules and regulations set by local, state and federal agencies.

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

☐ Yes

☒ No

If yes, explain:

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

N/A

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

☐ Yes

☒ No

If yes, explain:

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

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

Check coverage(s) carried:

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

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

Check coverage(s) carried:

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

- c. Workers Compensation [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
- d. Professional Liability (Errors and Omissions) [Attach certificate of insurance showing the amount of coverage and coverage period(s)]
- e. Excess Liability [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]
- f. Other (Specify) [Attach certificate(s) of insurance showing the amount of coverage and coverage period(s)]

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

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

Government Complaint	Entity	Making	Date	Resolution

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

☐ Yes ☒ No

If yes, please explain, in detail,

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

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

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

N/A

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

Contractor has been in business for approximately 28-years and has a track record of producing affordable housing throughout the County of San Diego. Applicant currently owns the subject asset and has extensive history and knowledge to ensure that the project is completed successfully.

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

Date	Entity Involved (i.e. City SDHC, etc)	Status (Current, delinquent, repaid, etc.)	Dollar Amount
	SDHC	Current	\$748,897
	City	Current	\$363,197
	SDHC	Repaid	\$504,450

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

☐ Yes ☒ No

If yes, explain:

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

☐ Yes ☒ No

If yes, explain:

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

1. Name: Holly Nelson
Address: City of Escondido
Phone: 760-839-4518
Project Name and Description: Valley Senior Village
2. Name: Matt Grosz
Address: 401 West A Street #1830 San Diego CA 92101
Phone: 858-752-2066
Project Name and Description: Genesis Apartments
3. Name: Steve Herman
Address: 1900 Avenue of the Stars # 2350, Los Angeles
Phone: 310-407-6181
Project Name and Description: Grant Heights II

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

SDCHC has the requisite personnel with a background and history completing affordable housing development projects of this size and complexity. Experience includes site acquisition, development, finance, compliance, asset management and property management.

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

Name	Experience
Allgire General Contractors	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's a 20-unit mixed-use project or a 300-unit multifamily project.

CONSENT TO PUBLIC DISCLOSURE BY CONTRACTOR

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

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

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

Executed this 20th day of March, 20 23, at San Diego, California.

CONTRACTOR

By: 

Signature

President, SDHC

Title

CERTIFICATION

The CONTRACTOR, SDCHC, 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: Theodore T. Miyahara By: _____
Title: President, SDCHC Title: _____
Dated: 3/20/23 Dated: _____

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

JURAT

State of California

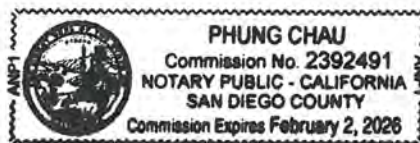
County of San Diego

Subscribed and sworn to (or affirmed) before me on this 20th day of March, 20 23

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

Phung Chau
Signature of Notary

SEAL



1916291

FILED
in the Office of the Secretary of State
of the State of California

ARTICLES OF INCORPORATION

OF

SAN DIEGO COMMUNITY HOUSING CORPORATION

OCT 24 1994

Tony Miller
Acting Secretary of State

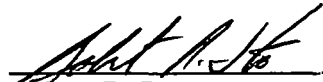
- ONE:** The name of this corporation is San Diego Community Housing Corporation.
- TWO:**
- (a) This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes.
 - (b) The specific purposes of this corporation are:
 - (1) To foster low- and moderate-income housing, for rent or for sale, by acquiring, owning, developing, constructing, rehabilitating, operating, and managing suitable property or properties, both within and without the County of San Diego;
 - (2) To participate in any activity designed and carried on to promote and foster the provision of low- and moderate-income housing; and
 - (3) Generally to do anything and everything necessary, expedient or incidental to the foregoing.
- THREE:** The name and address in the State of California of the corporation's initial agent for service of process are Michael A. Van Horne, 550 West C Street, 19th Floor, San Diego, California 92101-3540.
- FOUR:**
- (a) 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 provision of any future United States internal revenue law.
 - (b) 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 the purposes of this corporation, and this corporation shall not carry on any other activities not permitted to be carried on (1) 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 (2) 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.

- (c) No substantial part of the activities of this corporation shall consist of lobbying or propaganda, or otherwise attempting to influence legislation, except as provided in Section 501(h) of the Internal Revenue Code of 1986, and this corporation shall not participate in or intervene in (including publishing or distributing statements) any political campaign on behalf of or in opposition to any candidate for public office.

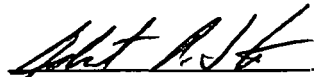
FIVE:

- (a) All corporate property is irrevocably dedicated to the charitable purposes set forth in Article TWO above. No part of the net earnings or assets of this corporation shall ever inure to the benefit of any of its directors, trustees, officers or members, or to the benefit of any private person.
- (b) On 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 of this corporation shall be distributed to a nonprofit fund, foundation or corporation selected and designated by the board of directors of this corporation, which is organized and operated exclusively for charitable purposes like those set forth in Article TWO above and which has established and maintained its 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 and under Section 23701d of the California Revenue and Taxation Code or the corresponding provision of any future California revenue and tax law.

and
Dated: *October 18,*
July __, 1994


Robert P. Ito
Incorporator

The undersigned declares that he is the person who executed these Articles of Incorporation and declares that this instrument is his act and deed.


Robert P. Ito

SECOND AMENDED AND RESTATED
BYLAWS
OF
SAN DIEGO COMMUNITY HOUSING CORPORATION
A California Nonprofit Public Benefit Corporation

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SECOND AMENDED AND RESTATED

BYLAWS OF

SAN DIEGO COMMUNITY HOUSING CORPORATION A California Nonprofit Public Benefit Corporation

ARTICLE 1 OFFICES

Section 1.01 Principal Office. The Board of Directors (herein called the “Board”) is granted full authority and power to change the principal office from place to place as it is deemed necessary and shall fix and locate the corporation’s principal office at such place within the State of California, as it shall determine. The Board is granted full power and authority to change the principal office from one location to another within the State of California.

Section 1.02 Other Offices. The Board may at any time establish branch or subordinate offices at any place or places as it is deemed necessary.

ARTICLE 2 PURPOSE

Section 2.01 Description in Articles. The specific and general purposes of the corporation are described in the Articles of Incorporation.

ARTICLE 3 MEMBERSHIP

Section 3.01 Members. The corporation shall have no members within the meaning of the California Nonprofit Corporation Law. Any action which would otherwise by law require approval by a majority of all members or approval by the members shall require only approval of the Board. All rights which would otherwise by law vest in the members shall vest in the Board. The Board may, in its discretion, admit individuals to one or more classes of nonvoting members; the class or classes shall have such rights and obligations as the Board finds appropriate.

Section 3.02 Associates. Nothing in this Article 3 shall be construed as limiting the right of the corporation to refer to persons associated with it as “members” even though such persons are not members, and no such reference shall constitute anyone a member within the meaning of Section 5056 of the California Nonprofit Corporation Law. Such individuals may originate and take part in the discussion of any subject that may properly come before any meeting of the Board, but may not vote. The corporation may confer by amendment of its Articles of Incorporation or of these Bylaws some or all of the rights of a member, as set forth in the California Nonprofit Corporation Law, upon any person or persons who do not have the right to vote for the election of directors or on a disposition of substantially all of the assets of the corporation or on a merger or on a dissolution or on changes to the corporation’s Articles of Incorporation or Bylaws, but no such person shall be a member within the meaning of said Section 5056. The Board may also, in

its discretion, without establishing memberships, establish an advisory council or honorary board or such other auxiliary groups as it deems appropriate to advise and support the corporation.

ARTICLE 4 DIRECTORS

Section 4.01 Powers.

(a) General Corporate Powers. Subject to the provisions and limitations of the California Nonprofit Public Benefit Corporation Law and any other applicable laws, and subject to any limitations of the Articles of Incorporation or these Bylaws, the corporation's activities and affairs shall be managed and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of the corporation to any person(s), a management company or committees however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

(b) Specific Powers. Without prejudice to the general powers set forth in Section **4.01(a)** above, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws and permitted by law:

(1) To select and remove all corporate officers, agents, employees, and the Executive Director of the corporation; prescribe powers and duties for them as are consistent with the law, the Articles of Incorporation, and these Bylaws; fix their compensation; and require from them security for faithful service;

(2) To conduct, manage and control the affairs and activities of the corporation and to make such rules and regulations therefor not inconsistent with law, the Articles of Incorporation or these Bylaws, as they may deem best;

(3) To adopt and use a corporate seal and to alter the form of the seal from time to time as they may deem best;

(4) To borrow money and incur indebtedness for the purposes of the corporation, and to cause to be executed and delivered for the corporation's purposes, in the corporation name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations and other evidences of debt and securities therefor;

(5) To carry on a business at a profit and apply any profit that results from the business activity to any activity in which it may lawfully engage;

(6) To act as trustee under any trust incidental to the principal object of the corporation, and receive, hold, administer, exchange and expend funds and property subject to such trust.

(c) Board's Ultimate Authority. No assignment, referral or delegation of authority by the Board or anyone else shall preclude the Board from exercising the authority

required to meet its responsibility for the conduct of the activities of the corporation and the Board shall retain the right to rescind any such delegation.

Section 4.02 Number, Term and Qualification of Directors.

(a) Number of Directors. The Board shall consist of at least six (6) but no more than nine (9), the exact number to be fixed, from time-to-time, by approval of the Board. In no event shall the term of a director be shortened by a reduction in the size of the Board.

(b) Terms of Directors. The Board shall be divided into three (3) classes with a three (3) year term of office for each class of directors with the terms of approximately one-third (1/3) of the Board seats expiring each year. Each director shall be slotted into one of the three classes and hold office until the expiration of the term for which appointed and until a successor has been appointed and qualified, or until the director's earlier death, resignation, disqualification or removal.

(c) Constituency Representation. In order to maintain accountability to low-income community residents, at least one-third (1/3) of the directors shall be comprised of (1) residents of low-income neighborhoods or (2) from low-income community residents or (3) from elected representatives of low-income neighborhood organizations.

Section 4.03 Removal of Directors. Any director may be removed from office by the affirmative vote of a majority of all voting members of the Board, at any regular meeting or special meeting called for that purpose, for conduct detrimental to the interests of the corporation, for lack of sympathy with its objectives, or for refusal to render reasonable assistance in carrying out the Corporation's purposes. A director with respect to whom removal has been proposed shall be entitled to (1) at least five (5) days' notice of the meeting at which such removal is to be voted upon in writing by mail or email to the address physical or email address maintained by the corporation for that director and (2) appear before the Board and be heard at such meeting.

Section 4.04 Vacancies on Board.

(a) Events Causing Vacancy. A vacancy or vacancies on the Board shall occur in the event of:

- (1) the death, removal, or resignation of any director;
- (2) the declaration by resolution of the Board of a vacancy in the office of a director who has been declared of unsound mind by an order of court, convicted of a felony, or found by final order or judgment of any court to have breached a duty under Article 3 of Chapter 2 of the California Nonprofit Public Benefit Corporation Law;
- (3) the increase of the authorized number of directors; or
- (4) the failure of the directors, at any meeting of the Board at which any director or directors are to be elected, to elect the number of directors required to be elected at such meeting.

(b) Resignations. Except as provided below, any director may resign by giving written notice to the Chair, Chief Executive Officer or the secretary. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. If a director's resignation is effective at a later time, the Board may elect a successor to take office as of the date when the resignation becomes effective. Except on notice to the Attorney General of California, no director may resign if the corporation would be left without a duly elected director or directors.

(c) Filling Vacancies. Vacancies on the Board may be filled by a majority of the directors then in office, whether or not less than a quorum, or by a sole remaining director.

(d) No Vacancy on Reduction of Number of Directors. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

Section 4.05 Place of Board Meetings. Meetings of the Board may be held at the principal office of the corporation or at any other place within or outside California that has been designated by resolution of the Board or in the notice of the meeting or, if not so designated, at the principal office of the corporation.

Section 4.06 Annual Meetings. The Board shall hold an annual meeting for the purpose of electing directors, organization, selection of officers, and the transaction of other business.

Section 4.07 Regular Meetings. Regular meetings of the Board, including the annual meeting, may be held without call or notice on such dates and at such times and places as may be from time to time fixed by the Board.

Section 4.08 Special Meetings.

(a) Authority to Call Special Meetings. Special meetings of the Board for any purpose may be called at any time by the Chair, Chief Executive Officer, Vice Chair, the secretary, or any two directors.

(b) Notice of Special Meetings. Special meetings of the Board shall be held upon four (4) days' notice by first-class mail or forty-eight (48) hours' notice given personally or by telephone, email, telegraph, telex or other similar means of communication. Any such notice shall be addressed or delivered to each director at the director's physical or email address as it is shown on the records of the corporation or as may have been given to the corporation by the director for purposes of notice or, if an address is not shown on the corporation's records or is not readily ascertainable, at the place at which the meetings of the directors are regularly held.

(c) Manner of Giving Notice. Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mail, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, such as email, to the recipient. Oral notice shall be deemed to have been given at the time it is communicated, in person or by telephone or wireless,

to the recipient or to a person at the office of the recipient whom the person giving the notice has reason to believe will promptly communicate it to the recipient.

(d) Contents of Notice. The notice shall state the time of the meeting, and the place if the place is other than the corporation's principal office. The notice shall specify the purpose of the meeting.

Section 4.09 Quorum. Forty percent (40%) of the number of directors then in office (excluding nonvoting directors, if any) shall constitute a quorum for the transaction of any business except adjournment. Except as provided in Article 11, every action taken or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be an act of the Board, subject to the more stringent provisions of the California Nonprofit Public Benefit Corporation Law, including (a) approval of contracts or transactions in which a director has a direct or indirect material financial interest, (b) approval of certain transactions between corporations having common directorships, (c) creation of and appointments to committees of the Board, and (d) indemnification of directors. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of some directors from that meeting, if any action taken or decision made is approved by at least a majority of the required quorum for that meeting. Directors may not vote by proxy.

Section 4.10 Meetings through Electronic Communication. Directors may participate in a meeting through use of telephone conference, or electronic video screen communication. Participation in a meeting through use of conference telephone or electronic video screen communication pursuant to this section constitutes presence in person at that meeting as long as all directors participating in the meeting are able to hear one another.

Section 4.11 Waiver of Notice. Notice of a meeting need not be given to any director who, either before or after the meeting, signs a waiver of notice, a written consent to holding the meeting or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meetings. Notice of a meeting need not be given to any director who attends the meeting and who, before or at the beginning of the meeting, does not protest the lack of notice to him or her.

Section 4.12 Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any directors' meeting to another time and place.

Section 4.13 Notice of Adjournment Meeting. Notice of the time and place of holding an adjourned meeting need not be given unless the original meeting is adjourned for more than 24 hours. If the original meeting is adjourned for more than 24 hours, notice of any adjournment to another time and place shall be given, before the time of the adjourned meeting, to the directors who were not present at the time of the adjournment.

Section 4.14 Action Without Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such consent(s) shall have the same effect as a unanimous vote of the Board and shall be filed with the minutes of the proceedings of the Board.

Section 4.15 Rights of Inspection. Every director shall have the absolute right at any reasonable time during normal business hours to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation.

Section 4.16 Fees and Compensation. Directors shall not receive any compensation for their services; however, the Board may approve the reimbursement of a director's actual and necessary expenses incurred in the conduct of the corporation's business. The corporation shall carry liability insurance respecting the conduct of the corporation's business by the directors in a form and with policy limits acceptable to and approved by the Board.

Section 4.17 Restriction on Interested Directors. No more than forty-nine percent (49%) of the persons serving on the Board at any time may be "interested persons." An interested person is (a) any person being compensated by the corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor or otherwise; and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person. However, any violation of the provisions of this section shall not affect the validity or enforceability of transactions entered into by the corporation.

Section 4.18 Standard of Care.

(a) Prudent Director. A director shall perform the duties of a director, including duties as a member of any committee of the Board on which the director may serve, in good faith, in a manner that director believes to be in the best interests of the corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

(b) Reasonable Reliance. In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

(1) Corporate Officers or Employees. One or more officers or employees of the corporation whom the director believes to be reliable and competent in the matters presented;

(2) Professionals. Legal counsel, independent accountants or other persons as to matters which the director believes to be within such person's professional or expert competence; or

(3) Board Committee. A committee of the Board upon which the director does not serve, as to matters within its designated authority, which committee the director believes to merit confidence, so long as in any such case, the director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

(c) Investments. Except with respect to assets which are directly related to the corporation's charitable programs, in investing, reinvesting, purchasing, acquiring, exchanging, selling and managing the corporation's investments, the Board shall avoid speculation, looking

instead to the permanent disposition of the funds, considering the probable income, as well as the probable safety of the corporation's capital.

Section 4.19 Nonliability of Directors and Certain Officers.

(a) Volunteer Directors and Volunteer Officers. Pursuant to Section 5239 of the California Nonprofit Public Benefit Corporation Law, there shall be no personal liability to a third party for monetary damages on the part of a volunteer director or volunteer executive officer of this corporation caused by the director's or executive officer's negligent act or omission in the performance of that person's duties as a director or officer, if all the following conditions are met:

(1) The act or omission was within the scope of the director's or executive officer's duties;

(2) The act or omission was performed in good faith;

(3) The act or omission was not reckless, wanton, intentional, or grossly negligent; and

(4) Damages caused by the act or omission are covered pursuant to a liability insurance policy issued to (i) the corporation, either in the form of a general liability policy or a director's and officer's liability policy, or (ii) personally to the director or executive officer. If the damages are not covered by a liability insurance policy, the volunteer director or volunteer executive officer shall not be personally liable for the damages if the Board and the person had made all reasonable efforts in good faith to obtain available liability insurance.

(b) Scope of Limitation. This limitation on the personal liability of a volunteer director or volunteer executive officer does not limit the liability of the corporation for any damages caused by acts or omissions of a volunteer director or volunteer executive officer. Neither does it eliminate or limit the liability of a director or officer, either (1) provided in Sections 5233 or 5237 of the California Nonprofit Public Benefit Corporation Law, or (2) in any action or proceeding brought by the Attorney General of the State of California.

(c) Definitions. "Volunteer" means the rendering of services without compensation. "Compensation" means remuneration whether by way of salary, fee, or other consideration for services rendered. However, the payment of per diem, mileage, or other reimbursement of expenses to a director or executive officer does not affect that person's status as a volunteer within the meaning of this Section 4.19(c). "Executive officer" means the Chair, Vice Chair, secretary, or treasurer of the corporation, or such other individual who serves in like capacity, who assists in establishing the policy of the corporation.

(d) No Liability for Directors Meeting the Standard of Care. Except as it relates to self-dealing transactions or transactions in which the director has a material financial interest, a person who performs the duties of a director in accordance with Section 4.18(a) and Section 4.18(b), above, shall have no liability based upon any alleged failure to discharge the person's obligations as a director, including, without limiting the generality of the foregoing, any

actions or omissions which exceed or defeat a public or charitable purpose to which a corporation, or assets held by it, are dedicated.

ARTICLE 5 COMMITTEES

Section 5.01 Board Committees. The Board, by resolution adopted by a majority of the directors then in office, may create one or more committees, each consisting of two (2) or more directors, and no one who is not a director, to serve at the pleasure of the Board. Appointments to such committees of the Board shall be by majority vote of the directors then in office, and the chairman of such Board committees shall be appointed by the Chair. The Board may appoint one or more directors as alternate members of any such committee, who may replace any absent member at any meeting. Any such committee shall have all the authority of the Board, to the extent provided in the Board resolution, except that no committee may do the following:

- (a) Vacancies. Fill vacancies on the Board or on any committee which has the authority of the Board;
- (b) Compensation. Fix compensation of the directors for serving on the Board or on any committee;
- (c) Bylaws. Amend or repeal Bylaws or adopt new Bylaws;
- (d) Board Resolutions. Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable;
- (e) Committees. Create any other committees of the Board or appoint the members of committees of the Board;
- (f) Corporate Funds. Expend corporate funds to support a nominee for director if more people have been nominated for director than can be elected;
- (g) Self-Dealing. With respect to any assets held in charitable trust, approve any contract or transaction between this corporation and one or more of its directors or between this corporation and an entity in which one or more of its directors have a material financial interest, subject to the approval provisions of Corporations Code section 5233(d)(3).

Section 5.02 Meetings and Action of Board Committees. Meetings and actions of Board committees shall be governed by, held, and taken under the provisions of these Bylaws concerning meetings and other Board actions, except that the time for general meetings of such committees and the calling of special meetings of such committees may be set either by Board resolution or, if none, by resolution of the committee. The Board may adopt rules for the governance of any committee as long as the rules are consistent with these Bylaws. If the Board has not adopted rules, the committee may do so.

Section 5.03 Executive Committee. The Executive Committee is a Board committee composed of the officers. When the Board is not in session, the Executive Committee shall have the power and authority of the Board to transact all regular business of the corporation, subject to any prior

limitation imposed by law, the Board or these Bylaws. The Executive Committee shall report to the next Board meeting all actions taken.

Section 5.04 Nominating Committee. The Nominating Committee is a Board Committee composed of three (3) Board members elected by a majority of the Board at the annual meeting of the Board.

Section 5.05 Advisory Committees.

(a) Creation. The Board Chair, subject to the limitations imposed by the Board, or the Board itself may create advisory committees, either standing or special, to serve the Board which do not have the powers of the Board. The Board Chair, with the approval of the Board, shall appoint members to serve on such advisory committees, and shall designate committee chair. If a director is on a committee, he or she shall be the chair of the committee. Each member of an advisory committee shall continue as such until the next annual election of officers and until his or her successor is appointed, unless the member shall sooner resign or be removed from the advisory committee.

(b) Meetings; Notice; Voting; Minutes. Meetings of an advisory committee may be called by the Board Chair, the chair of the committee or a majority of the committee's voting members. Each advisory committee shall meet as often as is necessary to perform its duties. Notice of a meeting of a committee may be given at any time and in any manner reasonably designed to inform the committee members of the time and place of the meeting. A majority of the voting members of an advisory committee shall constitute a quorum for the transaction of business at any meeting of the committee. Each advisory committee may keep minutes of its proceedings and shall report periodically to the Board. An advisory committee may take action by majority vote.

(c) Resignation and Removal. Any member of an advisory committee may resign at any time by giving written notice to the chair of the committee or to the Board Chair. Such resignation, which may or may not be made contingent upon formal acceptance, shall take effect upon the date of receipt or at any later time specified in the notice. The Board Chair may, with prior approval of the Board, remove any appointed member of an advisory committee.

(d) Vacancies. A vacancy in any advisory committee or any increase in the membership thereof shall be filled for the unexpired portion of the term by the Board Chair with approval of the Board.

ARTICLE 6 SELF-DEALING TRANSACTIONS

Section 6.01 Definition. Self-dealing transaction means a transaction to which the corporation is a party and in which one or more of the directors ("interested directors") has a material financial interest, except that the following will not be deemed self-dealing transactions, but are subject to the general standard of care by the Board:

(a) Compensation. An action by the Board in fixing compensation of a director as a director or officer;

(b) Public or Charitable Programs. A transaction which is part of a public or charitable program of the corporation if the transaction is (1) approved or authorized by the corporation in good faith and without unjustified favoritism, and (2) results in a benefit to one or more directors or their families because they are in a class of persons intended to be benefitted by the program;

(c) Minor Transactions Without Actual Knowledge. A transaction of which the interested director or directors have no actual knowledge, and which does not exceed the lesser of one percent (1%) of the gross receipts of the corporation for a fiscal year or One Hundred Thousand Dollars (\$100,000).

Section 6.02 Action of the Board. If a transaction is thought to be a self-dealing transaction, the interested director has the burden of showing the following to sustain the validity of the transaction:

(a) Prior Authorization. That prior to consummating the transaction or any part thereof the Board authorized or approved the transaction in good faith by vote of a majority of the directors then in office without counting the vote of the interested director or directors and with knowledge of the material facts concerning the transaction and the director's interest in it. Except as provided in Section 6.04, action by a committee of the Board will not satisfy this requirement.

(b) No More Advantageous Arrangement. That either:

(1) Prior to authorizing or approving the transaction, the Board considered and in good faith determined after reasonable investigation under the circumstances that the corporation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances; or

(2) The corporation in fact could not have obtained a more advantageous arrangement with reasonable effort under the circumstances.

(c) Benefit to Corporation. That the corporation entered into the transaction for its own benefit.

(d) Fairness and Reasonableness. That the transaction was fair and reasonable as to the corporation at the time the corporation entered into the transaction.

Section 6.03 Interested Director's Vote. In determining whether the Board has validly met to authorize or approve a self-dealing transaction, interested directors may be counted in determining the presence of a quorum, but an interested director's vote cannot count toward the required majority for such authorization, approval or ratification.

Section 6.04 Committee Approval. A Board committee may approve a self-dealing transaction in a manner consistent with the standards prescribed for approval by the Board if it was not reasonably practical to obtain approval of the Board prior to entering into the transaction and the Board determines in good faith that the committee met the same requirements the Board would have had to meet in approving the transaction and the Board ratifies the transaction at its next

meeting by vote of a majority of the directors then in office without counting the vote of the interested director or directors.

Section 6.05 Prior Approval by the Attorney General. Remedies specified in the California Nonprofit Public Benefit Corporation Law for an improper self-dealing transaction are not available if the Attorney General of the State of California approves the transaction before its consummation. The corporation may seek the approval of the Attorney General by application setting forth all relevant and material facts.

Section 6.06 Persons Liable and Extent of Liability. If a self-dealing transaction has not been approved as provided above, the interested director or directors may be required to do such things and pay such damages as in the discretion of a court will provide an equitable and fair remedy to the corporation, taking into account any benefit received by it and whether the interested director or directors acted in good faith and with the intent to further the best interests of the corporation.

Section 6.07 Statute of Limitations. An action to remedy an improper self-dealing transaction, brought by a proper party as defined by Section 5233(c) of the California Nonprofit Corporation Code to remedy an improper self-dealing transaction, must be commenced either:

(a) Two Years. Within two (2) years after written notice setting forth the material facts of the transaction was filed with the Attorney General in accordance with the Attorney General's regulations; or

(b) Three Years. If no such notice is filed, within three (3) years after the transaction occurred; or

(c) Ten Years. If no such notice is filed, and the Attorney General is bringing the action, within ten (10) years after the transaction occurred.

Section 6.08 Corporate Loans and Advances. The corporation shall not make any loan of money or property to or guarantee the obligation of any director or officer, unless approved by the Attorney General or except as is expressly allowed under Section 5236 of the California Nonprofit Public Benefit Corporation Law; provided, however, that the corporation may advance money to a director or officer of the corporation or any subsidiary for expenses reasonably anticipated to be incurred in the performance of the duties of such officer or director, provided that in the absence of such advance, such director or officer would be entitled to be reimbursed for such expenses by the corporation or any subsidiary.

ARTICLE 7 OFFICERS

Section 7.01 Officers. The officers of the corporation shall be a Chair (president), Vice Chair (vice president), Chief Executive Officer, secretary, and a treasurer. The corporation, at the Board's discretion, may also have additional vice presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be elected or appointed under of Section 7.03 of these Bylaws. Officers other than the Chair, Vice Chair and treasurer need not be

directors. Any number of offices may be held by the same person, except that neither the secretary nor the treasurer may serve concurrently as the Chair of the Board.

Section 7.02 Election. The officers of the corporation, except any appointed under Section 7.03 or Section 7.06 of these Bylaws, shall be chosen annually by the Board and shall serve at the pleasure of the Board, subject to the rights of any officer under any employment contract.

Section 7.03 Subordinate Officers. The Board may elect, and may appoint and authorize the Chair of the Board to appoint, any other officers that the corporation may require. Each appointed officer shall have the title and authority, hold office for the period, and perform the duties specified in these Bylaws or established by the Board.

Section 7.04 Removal of Officers. Without prejudice to the rights of any officer under an employment contract, the Board may remove any officer with or without cause. An officer who was not chosen by the Board may be removed by any other officer on whom the Board confers the power of removal.

Section 7.05 Resignation of Officers. Any officer may resign at any time by giving written notice to the Board. The resignation shall take effect on the date the notice is received or at any later time specified in the notice. Unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to any rights of the corporation under any contract to which the officer is a party.

Section 7.06 Vacancies in Office. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for normal appointments to that office, provided, however, that vacancies need not be filled on an annual basis.

Section 7.07 Chair of the Board. The Chair of the Board shall have general supervision of the chief executive officer of the corporation and shall preside at Board meetings and shall exercise and perform such other powers and duties as the Board may assign from time to time. If there is no chief executive officer, the Chair of the Board shall also be the chief executive officer and shall have the powers and duties of the chief executive officer of the corporation prescribed by these Bylaws. The Chair shall be an ex officio voting member of each Board committee.

Section 7.08 Vice Chair. If the Chair is absent or disabled, the Vice Chair shall perform all the duties of the Chair. When so acting, the Vice Chair shall have all the powers of and be subject to all the restrictions on the Chair. The Vice Chair shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or these Bylaws.

Section 7.09 Chief Executive Officer. The chief executive officer is the general manager and chief executive officer of the corporation and has, subject to the control of the Board, and subject to such supervisory powers as these Bylaws or the Board may give to the Chair of the Board, if any, general supervision, direction and control of the business and officers of the corporation. The chief executive officer has the general powers and duties of management usually vested in the office of president and general manager of a corporation and such other powers and duties as may be prescribed from time to time by the Board or these Bylaws. The chief executive officer shall be employed by the corporation pursuant to an employment agreement.

Section 7.10 Secretary.

(a) Book of Minutes and Seal. The secretary shall keep or cause to be kept, at the corporation's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings, and actions of the Board, and committees of the Board. The minutes of meetings shall include the time and place that the meeting was held; whether the meeting was annual, general, or special, and, if special, how authorized; the notice given; the names of persons present at Board and committee meetings; and the number of members present or represented at members' meetings. The secretary shall keep or cause to be kept, at the principal California office, a copy of the Articles of Incorporation and Bylaws, as amended to date. The secretary shall keep the seal of the corporation and shall affix the same on such papers and instruments as may be required in the regular course of business, but failure to affix it shall not affect the validity of any instrument.

(b) Notices and Other Duties. The secretary shall give, or cause to be given, notice of all meetings of the Board and of committees of the Board that these Bylaws require to be given, and shall distribute the minutes of meetings of the Board to all members promptly after the meetings. The secretary shall see that all reports, statements and other documents required by law are properly kept or filed, except to the extent the same are to be kept or filed by the treasurer. In general, the secretary shall have such other powers and perform such other duties as the Board or the Bylaws may require.

Section 7.11 Treasurer.

(a) Books of Account. The treasurer of the corporation shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the corporation's properties and business transactions, including accounts of its assets, liabilities, receipts and disbursements. The treasurer shall send or cause to be given to the directors such financial statements and reports as are required to be given by law, by these Bylaws or by the Board. The books of account shall be open to inspection by any director at all reasonable times.

(b) Deposit and Disbursement of Money and Valuables. The treasurer shall deposit, or cause to be deposited, all moneys and other valuables in the name and to the credit of the corporation with such depositories as the Board may designate from time to time. The treasurer shall disburse the funds of the corporation as the Board may order, and shall render to the chief executive officer and directors, upon request, an account of all transactions as treasurer and of the financial condition of the corporation. The treasurer shall present to the Board at all regular meetings an operating statement and report since the last preceding regular meeting of the Board. The treasurer shall cause the books of account to be audited or reviewed each year by a certified public accountant and a report of such audit or review shall be presented to the Board not later than the fourth month following the close of the fiscal year. The treasurer shall have such other powers and perform such other duties as the Board or the Bylaws may require.

(c) Bond. If required by the Board, the treasurer shall give the corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the corporation of all of its books,

papers, vouchers, money, and other property of every kind in the possession of or under the control of the treasurer on his or her death, resignation, retirement, or removal from office.

ARTICLE 8 INDEMNIFICATION AND INSURANCE

Section 8.01 Indemnification.

(a) To the fullest extent permitted by law, this corporation shall indemnify its directors, officers, employees, and other persons described in Corporations Code section 5238(a), including persons formerly occupying any such positions, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any “proceeding,” as that term is used in that section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that section, and including an action by or in the right of the corporation, by reason of the fact that the person is or was a person described in that section. “Expenses,” as used in this Bylaw, shall have the same meaning as in that section of the Corporations Code.

(b) On written request to the Board by any person seeking indemnification under Corporations Code section 5238(b) or section 5238(c), the Board shall promptly decide under Corporations Code section 5238 (e) whether the applicable standard of conduct set forth in Corporations Code section 5238(b) or 5238(c) has been met and, if so, the Board shall authorize indemnification.

Section 8.02 Insurance. This corporation shall purchase and maintain insurance, in a form and with policy limits acceptable to and approved by the Board, to the full extent permitted by law on behalf of its officers, directors, employees, and other agents, to cover any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising from the officer’s, director’s, employee’s, or agent’s status as such.

ARTICLE 9 RECORDS AND REPORTS

Section 9.01 Maintenance of Corporate Records. The corporation shall keep:

(a) Books and Records. Adequate and correct books and records of account;
and

(b) Written Minutes. Written minutes of the proceedings of its Board and committees of the Board.

Section 9.02 Annual Report.

(a) Contents of Report. The Board shall cause an annual report to be sent to the directors within one hundred twenty (120) days after the end of the corporation’s fiscal year. That report shall contain the following information, in appropriate detail:

- (1) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year;
- (2) The principal changes in assets and liabilities, including trust funds;
- (3) The corporation's revenue or receipts, both unrestricted and restricted to particular purposes;
- (4) The corporation's expenses or disbursements for both general and restricted purposes;
- (5) Any information required by Section 9.03 of these Bylaws.

(b) Audited or Certified. The annual report shall be accompanied by any report on it of independent accountants or, if there is no such report, by the certificate of an authorized officer of the corporation that such statements were prepared without audit from the corporation's books and records.

(c) Annual Report Not Required. This requirement of an annual report shall not apply if the corporation receives less than Twenty-Five Thousand Dollars (\$25,000) in gross receipts during the fiscal year, provided, however, that the information specified above for inclusion in an annual report must be furnished annually to all directors who request it in writing. If the Board approves, the corporation may send the report and any accompanying material sent pursuant to this section by electronic transmission.

Section 9.03 Annual Statement of Certain Transactions and Indemnifications. As part of the annual report, or as a separate document if no annual report is issued, the corporation shall, within one hundred twenty (120) days after the end of the corporation's fiscal year, annually prepare and mail, deliver, or send by electronic transmission to each director a statement of any transaction or indemnification of the following kind:

(a) "Interested Person" Transactions. Any transaction (i) in which the corporation, its parent, or its subsidiary was a party, (ii) in which an "interested person" had a direct or indirect material financial interest, and (iii) which involved more than Fifty Thousand Dollars (\$50,000), or was one of several transactions with the same interested person involving, in the aggregate, more than Fifty Thousand Dollars (\$50,000). For this purpose, an "interested person" is either:

- (1) any director or officer of the corporation, its parent, or subsidiary (but mere common directorship shall not be considered such an interest); or
- (2) any holder of more than ten percent (10%) of the voting power of the corporation, its parent, or its subsidiary.

The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the corporation, the nature of their interest in the transaction and, if

practicable, the amount of that interest, provided that if the transaction was with a partnership in which the interested person is a partner, only the interest of the partnership need be stated.

(b) Indemnifications. Any indemnifications or advances aggregating more than Ten Thousand Dollars (\$10,000) paid during the fiscal year to any officer or director of the corporation under Section 8.01 of these Bylaws, unless that indemnification has already been approved by the directors under Corporations Code Section 5238(e)(1).

ARTICLE 10 GENERAL PROVISIONS

Section 10.01 Validity of Instruments. Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing and any assignment or endorsement thereof executed or entered into between the corporation and any other person, when signed by the Chair, Vice Chair or chief executive officer and the secretary or treasurer of the corporation, shall be valid and binding on the corporation in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same. Any such instruments may be signed by any other person(s) and in such manner as from time to time shall be determined by the Board and, unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

Section 10.02 Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definitions contained in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, the plural includes the singular, and the term “person” includes both a legal entity and a natural person. The captions and headings in these Bylaws are for convenience only and are not intended to limit or define the scope or effect of any provision.

Section 10.03 Authority to Vote Securities. The Chair, chief executive officer, or any other officer(s) authorized by the Board are each authorized to vote, represent and exercise on behalf of the corporation all rights incident to any and all voting securities of any other corporation(s) standing in the name of this corporation. The authority granted herein may be exercised either in person or by any person authorized to do so by proxy or by power of attorney executed by the Chair, chief executive officer, or authorized officer.

Section 10.04 Fiscal Year. The fiscal year of the corporation shall be set by the Board.

Section 10.05 Parliamentary Authority. Robert’s Rules of Order, newly revised, shall be the parliamentary authority for all matters or procedures not specifically covered by these Bylaws, or by special rules of procedure adopted by the members of the corporation entitled to vote.

ARTICLE 11 AMENDMENTS


Section 11.01 Bylaws. These Bylaws will be reviewed not less often than once every four (4) years and documented as to date of review. New Bylaws may be adopted or these Bylaws may

be amended or repealed by the Board, provided notice of such proposed amendment has been given to the Board at least seventy-two (72) hours in advance of the vote.

CERTIFICATE OF ADOPTION OF BYLAWS

I certify that I am the elected and acting Secretary of San Diego Community Housing Corporation, a California nonprofit public benefit corporation, and that the foregoing Bylaws, comprising of seventeen (17) pages (exclusive of title page and table of contents), constitute the amended and restated Bylaws of the corporation as adopted at a meeting of the Board of Directors held on December 11, 2018, superseding in their entirety the amended Bylaws adopted October 26, 2006.

IN WITNESS OF, I have signed my name and affixed the seal of the corporation to this certificate on February 16, 2019.


Secretary

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
2 CUPANIA CIRCLE
MONTEREY PARK, CA 91755-7406

DEPARTMENT OF THE TREASURY

Date:

JUL 26 1995

SAN DIEGO COMMUNITY HOUSING
CORPORATION
8799 BALBOA AVE. STE. 100
SAN DIEGO, CA 92123

Employer Identification Number:

33-0661980

Case Number:

955194009

Contact Person:

TYRONE THOMAS

Contact Telephone Number:

(213) 894-2289

Accounting Period Ending:

June 30

Foundation Status Classification:

170(b)(1)(A)(vi)

Advance Ruling Period Begins:

October 24, 1994

Advance Ruling Period Ends:

June 30, 1999

Addendum Applies:

No

RECEIVED

JUL 31 1995

OCCUPATIONAL TRAINING
SERVICES, INC

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.

If we publish a notice in the Internal Revenue Bulletin stating that we

Letter 1045 (DO/CG)

-2-

SAN DIEGO COMMUNITY HOUSING

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, 2105, 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.

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.

If you are required to file a return you must file it by the 15th day of the fifth month after the end of your annual accounting period. We charge a penalty of \$10 a day when a return is filed late, unless there is reasonable

Letter 1045 (DO/CG)

-3-

SAN DIEGO COMMUNITY HOUSING

cause for the delay. However, the maximum penalty we charge cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. We may also charge this penalty 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.

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.

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.

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

Sincerely yours,


Richard R. Orcsco
District Director

Letter 1045 (DC/C3)

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

DEPARTMENT OF THE TREASURY

Date: DEC 29 1999

SAN DIEGO COMMUNITY HOUSING
CORPORATION
8799 BALBOA AVE 200
SAN DIEGO, CA 92123-1538

Employer Identification Number:
33-0661980
DIN:
17053275770039
Contact Person:
FRANCIS E BERNHARDT ID# 31258
Contact Telephone Number:
877) 829-5500
Our Letter Dated:
JULY 1995
Addendum Applies:
NO

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization that is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi).

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

If we have indicated 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 resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

~~Steven T. Miller~~

Steven T. Miller
Director, Exempt Organizations

Letter 1050 (DO/CG)



IRS Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0752286401
Mar. 21, 2019 LTR 4168C 0
33-0661980 000000 00
00029049
BODC: TE

SAN DIEGO COMMUNITY HOUSING
CORPORATION
6160 MISSION GORGE RD STE 204
SAN DIEGO CA 92120-3411



023941

Employer ID number: 33-0661980
Form 990 required: Yes

Dear Taxpayer:

We issued you a determination letter in July 1995, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(03).

We also show you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If you're required to file a return, you must file one of the following by the 15th day of the 5th month after the end of your annual accounting period:

- Form 990, Return of Organization Exempt From Income Tax
- Form 990EZ, Short Form Return of Organization Exempt From Income Tax
- Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990-EZ
- Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation

According to IRC Section 6033(j), if you don't file a required annual information return or notice for 3 consecutive years, we'll revoke your tax-exempt status on the due date of the 3rd required return or notice.

You can get IRS forms or publications you need from our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

If you have questions, call 877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific time).

0752286401
Mar. 21, 2019 LTR 4168C 0
33-0661980 000000 00
00029050

SAN DIEGO COMMUNITY HOUSING
CORPORATION
6160 MISSION GORGE RD STE 204
SAN DIEGO CA 92120-3411

Thank you for your cooperation.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Teri M. Johnson". The signature is fluid and cursive, with the first name "Teri" being more prominent.

Teri M. Johnson
Operations Manager, AM Ops. 3

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 A MULTIFAMILY HOUSING REVENUE BOND IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,968,761 TO FINANCE THE ACQUISITION AND REHABILITATION OF MULTIFAMILY RENTAL HOUSING FACILITIES KNOWN AS CASA NUEVA, AND APPROVING RELATED DOCUMENTS AND ACTIONS.

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code, as amended (Act), the Housing Authority of the City of San Diego (Authority) is authorized to incur indebtedness for the purpose of financing the acquisition, construction, rehabilitation and equipping of multifamily rental housing; and

WHEREAS, Casa Nueva LP, a California limited partnership (Borrower), has requested that the Authority issue and sell a bond for the purpose of making a loan to the Borrower to finance costs of the acquisition and rehabilitation by the Borrower of 52 units of multifamily residential rental housing known as Casa Nueva (Project), located at 350 17th Street in the City of San Diego (City); and

WHEREAS, the Board of Commissioners of the Authority (Board) desires that a portion of the units in the Project be available for very low and low income persons or families, and in order to accomplish such purpose it is desirable for the Authority to provide for the issuance of a revenue bond to finance costs of the acquisition and rehabilitation of the Project; and

WHEREAS, the Authority intends to issue its Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Casa Nueva), Series 2024B (Bond), in an

aggregate amount not to exceed \$12,968,761 and which Bond is expected to be sold to JP Morgan Chase Bank, N.A. in a private placement; and

WHEREAS, the Authority will loan the proceeds of the Bond to the Borrower and the Borrower will use the proceeds of the Bond to finance costs of the acquisition and rehabilitation of the Project and the costs of issuing the Bond; and

WHEREAS, the San Diego Housing Commission, after publication of a Tax Equity and Fiscal Responsibility Act of 1982 TEFRA notice of a TEFRA hearing, held the public hearing on April 6, 2023 as required by the Internal Revenue Code of 1986 (Code), as amended and applicable United States Treasury Regulations (Regulations); and

WHEREAS, the City Council, as the applicable representative under section 147(f) of the Code, approved the issuance of the Bond; and

WHEREAS, California Government Code section 8869.85 requires that a local agency file an application with the California Debt Limit Allocation Committee (CDLAC) and obtain the authority from CDLAC to issue tax-exempt multifamily housing revenue bonds; and

WHEREAS, on August 23, 2023, CDLAC adopted Resolution No. 23-185 allocating to the Project \$12,968,761.00 of the State of California 2023 State ceiling for private activity bonds under section 146 of the Internal Revenue Code of 1986 for the Bond; and

WHEREAS, the following documents are presented for consideration:

(1) the proposed form of the Indenture of Trust (Indenture), by and among the Authority, JP Morgan Chase Bank, N.A., as Bondowner Representative (Bondowner Representative), and U.S. Bank Trust Company, National Association, as trustee (Trustee), including the related form of the Bond; and

(2) the proposed form of Loan Agreement (Loan Agreement), by and among the Authority, the Bondowner Representative and the Borrower; and

(3) the proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (Regulatory Agreement), by and between the Authority and the Borrower; and

WHEREAS, it appears that each of the above-referenced documents is in appropriate form and is an appropriate instrument for the purposes intended; and

WHEREAS, the Project is consistent with the existing environmental documents referred to as the “Downtown FEIR” and the “CAP FEIR,” certified by the City Council in compliance with the California Environmental Quality Act (CEQA) (Public Resources Code sections 21000-21189.70.10); and this action to approve the issuance of a Bond for the Project is a subsequent discretionary action within the scope of the development program evaluated in the Downtown FEIR and CAP FEIR and is not a separate project under CEQA Guidelines sections 15378(c) and 15060(c)(3); and under Public Resources Code section 21166 and CEQA Guidelines section 15162, Housing Commission staff determined that there is no change in circumstance, additional information, or project changes to warrant additional environmental review for this action; and

WHEREAS, City staff determined the approval of the Project is categorically excluded from the National Environmental Policy Act (NEPA)) under Title 24 of the Code of Federal Regulations, section 58.35(a) and is not subject to Title 24 of the Code of Federal Regulations, section 58.5; and

WHEREAS, the Office of the City Attorney has drafted this Resolution based on the information provided by Housing Commission staff, and verified by the Housing Commission’s General Counsel, with the understanding that this information is sufficient to allow for a proper and complete analysis of this matter; 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 and rehabilitation of the Project through the issuance and sale of the Bond in order to assist persons of very low income and low income within the City in obtaining decent, safe and sanitary housing and to achieve certain other public purposes.

Section 2. Authorization of Bond. To finance costs of the acquisition and rehabilitation of the Project, the Authority approves the issuance of the Bond in an aggregate principal amount not to exceed \$12,968,761.

The Bond shall be issued in the principal amount, and shall bear interest and mature as provided in the Indenture. The Bond shall be in substantially the form set forth in the Indenture, with such appropriate variations, omissions, insertions and provisions as are required or permitted by the Indenture. The Bond shall be a special, limited obligation of the Authority and shall be payable as to principal and interest, and the obligations of the Authority under the Indenture shall be paid and satisfied, solely from the revenues, receipts and other moneys and assets pledged therefor under the Indenture.

Section 3. Execution and Delivery of the Bond. The Bond shall be executed on behalf of the Authority by the manual or facsimile signature of the Chairman of the Authority (Chairman), the Vice Chairman of the Authority (Vice Chairman), the Executive Director of the Authority (Executive Director), the Senior Vice President Housing Finance & Property Management (Senior Vice President) of the San Diego Housing Commission (Housing Commission), the Vice President of Multifamily Housing Finance of the Housing Commission (Senior Director), or the Executive

Vice President and Chief of Staff of the Housing Commission (VPCOS), and attested with the manual or facsimile signature of the Secretary or a Deputy Secretary of the Authority.

Section 4. Approval of the Indenture. The Indenture, in the form on file in the Housing Commission offices, is approved. The Chairman, the Vice Chairman, the Executive Director, the Senior Vice President, the Senior Director, the VPCOS and the Deputy Secretary of the Authority, or the designee of any such officer (such officers and any of his or her respective designees are hereinafter referred to as the Designated Officers) are each authorized to execute and deliver the Indenture in such form, together with such changes as may be approved by the Designated Officer executing the same, upon consultation with the General Counsel to the Authority, such execution thereof to constitute conclusive evidence of the approval of all changes from the form of the Indenture approved at this meeting.

Section 5. Approval of Loan Agreement. The Loan Agreement, in the form on file in the Housing Commission offices, is 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, upon consultation with the General Counsel to the Authority, such execution thereof to constitute conclusive evidence of the approval of all changes from the form of the Loan Agreement approved at this meeting.

Section 6. Approval of Regulatory Agreement. The Regulatory Agreement, in the form on file in the Housing Commission offices, is 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, upon consultation with the General Counsel to the Authority, such execution thereof to constitute conclusive evidence of the approval of all changes from the form of the Regulatory Agreement approved at this meeting.

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, upon consultation with the General Counsel to the Authority, such execution thereof to constitute conclusive evidence of the approval of all changes from the form of the Assignment approved at this meeting.

Section 8. Actions Ratified and Authorized. All actions heretofore taken by the officers, employees and agents of the Authority with respect to the issuance and sale of the Bond are approved, confirmed and ratified, and the Designated Officers are each authorized, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements (including a tax agreement or no arbitrage certificate) and other documents, including but not limited to those described in any of the documents approved by this Resolution, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bond and the making of the loan pursuant to the Loan Agreement in accordance with the Act and this Resolution.

Section 9. Further Consents, Approvals and Other Actions. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution or otherwise appropriate in the administration of the Bond and the related lending program, including without limitation any of the foregoing which may be necessary or desirable in connection with any amendment of such documents, any transfer of the Project, any substitution of security for the Bond, or any redemption of the Bond 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 which such officer may deem necessary or desirable to further the purposes of this Resolution.

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

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

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

APPROVED: MARA W. ELLIOTT, General Counsel

By _____
Marguerite E. Middaugh
Deputy General Counsel

MEM:jdf
11/21/2023
Or. Dept.: Housing Authority
Doc. No.: 3481866
Companion to R-2024-223

November 19, 2023

VIA EMAIL

TO THOSE LISTED ON THE ATTACHED DISTRIBUTION LIST

Re: Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Casa Nueva), Series 2024B

Accompanying this letter are pages from the following documents marked to show changes from the drafts previously circulated on November 7th:

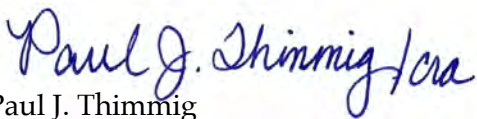
1. Trust Indenture,
2. Loan Agreement,
3. Regulatory Agreement and Declaration of Restrictive Covenants,
4. Guarantor Indemnification,
5. Form of Opinion of Bond Counsel, and
6. Resolution of the City Council approving the issuance of the Bond.

Also included with this letter are complete copies of the revised documents without changes marked.

I will send out a revised draft of the Resolution of the Housing Authority authorizing the issuance of the Bond on Monday, after I have been provided with CEQA language for the Recitals to that Resolution.

Please let me know if you have any comments and/or questions with respect to any of the accompanying revised documents.

Very truly yours,


Paul J. Thimmig

PJT:cra
Enclosures

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE NOTE
(CASA NUEVA)
SERIES 2024B**

DISTRIBUTION LIST
(November 19, 2023)

ISSUER

-Joe Correia,
Senior Real Estate Project Manager
-Jennifer Kreutter,
Vice President
-Matthew Granum
-Dollying Powell
SAN DIEGO HOUSING COMMISSION
1122 Broadway, Suite 300
San Diego, CA 92101
(619) 578-7575 (Correia)
(619) 578-7709 (Kreutter)
(619) 578-7534 (Granum)
(619) 578-____ (Powell)
(619) 578-7356 [FAX]
Email: joec@sdhc.org
jenniferk@sdhc.org
mattg@sdhc.org
dollyannep@sdhc.org

ISSUER'S LEGAL COUNSEL

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Deputy General Counsel
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DEVELOPER

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-Josh Balaban,
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lelkarou@gubbandbarshay.com

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Managing Director
-Miki Kobayashi
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(650) 397-1433 (Kobayashi)
Email: ddo@chpc.net
mkobayashi@chpc.net

CONSTRUCTION & PERMANENT LENDER

-Eri Kameyama
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-Langston Sholl
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armen.gevorkyan@chase.com
langston.sholl@chase.com
justin.k.chen@chase.com
jasen.a.smith@chase.com
jacqueline.moreno@chase.com

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Construction Administrator
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Plano, TX 75024
() -
Email: matthew.minchew@chase.com

CONSTRUCTION & PERMANENT LENDER'S
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(310) 344-1594 (Krug-cell)
(213) 455-4756 (Opgenorth)
Email: kkrug@kmoplalaw.com
jopgenorth@kmoplalaw.com

EQUITY INVESTOR

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-David Eisenman,
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Oakland, CA 94612
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(415) 517-8192 (Dologite-cell)
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**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bond
(Casa Nueva),
Series 2024B**

GUARANTOR INDEMNIFICATION

January __, 2024

This Guarantor Indemnification (this "Indemnification"), is delivered by the undersigned (the "Guarantor") for the benefit of the Housing Authority of the City of San Diego (the "Issuer") and the other Indemnified Parties (as hereinafter defined). Capitalized terms used and not otherwise defined herein have the meanings given to them in the Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"), dated as of January 1, 2024, between the Issuer and Casa Nueva II LP, a California limited partnership (the "Borrower"), relating to the Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Casa Nueva), Series 2024B (the "Bond").

To the fullest extent permitted by law, the Guarantor agrees to indemnify, hold harmless and defend the Issuer, the Trustee and the San Diego Housing Commission, and each of their respective Commissioners, officers, officials, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Bond, the Indenture, the Loan Agreement, the Regulatory Agreement, the Construction and Permanent Loan Agreement, the Tax Certificate or any of the other documents related to the Loan, or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale, resale or remarketing of the Bond;

(ii) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loan or the Project, the acquisition, rehabilitation or operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition and rehabilitation of the Project or any part thereof;

(iii) any lien or charge upon payments by the Borrower to the Issuer or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer in respect of any portion of the Project;

(iv) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof;

(v) the defeasance and/or redemption, in whole or in part, of the Bond;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any information

provided by or on behalf of the Borrower and included in any disclosure document for the Bond or any of the documents relating to the Bond, or any omission or alleged omission from any disclosure document for the Bond of any material fact related to the Borrower or the Project necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(vii) any declaration of taxability of interest on the Bond, or allegations (or regulatory inquiry) that interest on the Bond is taxable for federal tax purposes;

except 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 Guarantor, 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 shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Guarantor shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Guarantor if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

In addition thereto, the Guarantor will pay upon demand all of the fees and expenses paid or incurred by any of the Indemnified Parties in enforcing this Indemnification and the provisions of the Regulatory Agreement.

This Indemnification shall survive the final payment or defeasance of the Bond and the termination of the Regulatory Agreement; provided, however, that this Indemnification shall, in the case of the Trustee, survive the term of the Regulatory Agreement or the resignation or removal of the Trustee, but only as to claims arising from events occurring during the Trustee's tenure as Trustee under the Indenture, and shall, in the case of the Issuer and the San Diego Housing Commission, survive the term of the Regulatory Agreement, but only as to claims arising from events occurring during the term of the Regulatory Agreement.

All obligations of the Guarantor under this Indemnification shall be deemed satisfied to the extent such obligations are paid or otherwise performed by the Borrower.

Notwithstanding the foregoing, the Guarantor and/or Borrower (as applicable) shall not be personally liable for any repayment of principal and/or interest on the Bond.

The obligations of the Guarantor under this Indemnification are independent of any other contractual obligation of the Borrower or any other party to provide indemnity to the Issuer, the San Diego Housing Commission or the Trustee, and the obligation of the Guarantor to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower or any other party. The Issuer, the San Diego Housing Commission and the Trustee shall be entitled simultaneously to seek indemnity under this Indemnification and any other agreement under which it respectively is entitled to indemnity.

IN WITNESS WHEREOF, the undersigned has executed this Indemnification on behalf of the Guarantor as of the date first written above.

SAN DIEGO COMMUNITY HOUSING
CORPORATION, a California nonprofit
public benefit corporation

By: _____
Theodore T. Miyahara,
President & CEO

19048.58;J19245

INDENTURE OF TRUST

by and among

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

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee**

and

**JPMORGAN CHASE BANK, N.A.,
as Bondowner Representative**

Dated as of January 1, 2024

**relating to:
\$12,968,761
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bond
(Casa Nueva),
Series 2024B**

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of January 1, 2024 (this “Indenture”), is by and among the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a public body, corporate and politic, duly organized and existing under the laws of the State of California (the “Issuer”), U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, as Trustee hereunder (the “Trustee”), and JPMORGAN CHASE BANK, N.A., as Bondowner Representative (the “Bondowner Representative”).

RECITALS:

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

WHEREAS, the Issuer proposes to issue, pursuant to the Act, its Multifamily Housing Revenue Bond (Casa Nueva), Series 2024B (the “Bond”); and

WHEREAS, Casa Nueva II LP, a California limited partnership (the “Borrower”), has applied to the Issuer for financial assistance for the purpose of providing all or part of the funds with which to pay the cost of the acquisition and rehabilitation of a 51-unit (plus one manager’s unit) multifamily rental housing project located at 350 17th Street in San Diego, California, identified herein as Casa Nueva Apartments (the “Project”); and

WHEREAS, the provision of the Loan (as hereinafter defined), is authorized by the Act and will accomplish a valid public purpose of the Issuer, and the Issuer has determined that it is in the public interest to issue the Bond in the maximum principal amount of \$12,968,761, for the purpose of providing funding necessary for the acquisition and rehabilitation by the Borrower of the Project; and

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

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

WHEREAS, the Issuer has determined that all conditions, things and acts required by the Act and by all other laws of the State of California, to exist, have happened and have been performed in satisfaction of conditions precedent to and in connection with the issuance of the Bond exist, have happened, and have been performed in due time, form and manner as required by law, and the Issuer is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the Bond for the purposes, in the manner and upon the terms herein provided; and

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

A G R E E M E N T :

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on, the Bond 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 Bond 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 Bond by the owner thereof, and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Issuer covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective registered owner from time to time of the Bond, as follows:

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

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

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

The term “Agreement” or “Loan Agreement” shall mean the Loan Agreement, dated as of January 1, 2024, among the Issuer, the Borrower and the Bondowner Representative, pursuant to which the Issuer agrees to lend the proceeds of the Bond to the Borrower, as originally executed or as it may from time to time be supplemented or amended in accordance with its terms.

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

The term “Authorized Amount” means \$12,968,761.00, the authorized maximum principal amount of the Bond.

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

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

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

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

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

The term “Bondowner” shall mean JPMorgan Chase Bank, N.A., and its successors and assigns as owner of the Bond.

The term “Bondowner Representative” shall mean (a) JPMorgan Chase Bank, N.A. and (b) any successor entity that is the owner of the Bond, or any entity selected by the owner of the Bond and designated as such in writing by the Bondowner to the Trustee and the Issuer.

The term “Bond Year” shall mean the one-year period beginning on January 1 in each year and ending the last day in December in the following year, except that the first Bond Year shall begin on the Closing Date and end on December 31, 2024.

The term “Bond” means the Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Casa Nueva), Series 2024B, issued and Outstanding hereunder.

The term “Borrower” shall mean Casa Nueva II LP, a California limited partnership, and its respective successors and assigns under the applicable provisions of the Loan Agreement, the Regulatory Agreement and the Construction and Permanent Loan Agreement.

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

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

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

The term “City” means the City of San Diego, California.

The term “Closing Date” shall mean January __, 2024, the date of initial delivery of the Bond and funding of the Initial Disbursement.

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

The term “Construction and Permanent Loan Agreement” shall have the meaning contained in the Loan Agreement.

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

The term “Conversion Date” has the meaning given to such term in the Construction and Permanent Loan Agreement.

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

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

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

The term “Disbursed Amount” means the portion of the Loan and the Bond funded and Outstanding from time to time, as indicated on the Bond 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 6.01 thereof.

The term “Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Obligation-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Department of the Treasury, Bureau of Public Debt, or (d) the investment is the Local Agency Investment Fund of the State of California, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

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

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

The term “Initial Disbursement” means the initial advance of the proceeds of the Bond on the Closing Date in an amount equal to \$_____.

The term “Interest Payment Date” shall mean the first calendar day of each month, commencing January 1, 2024.

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

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

(b) shares of an investment company (1) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, (2) whose only investments are in (i) securities described in the preceding clause (a), (ii) general obligation tax-exempt securities rated “A” or better by the Rating Agency, or (iii) repurchase agreements or reverse repurchase agreements fully collateralized by those securities if the repurchase agreements or reverse repurchase agreements are entered into only with those primary dealers which report to the Federal Reserve Bank of New York or with the 100 largest United States commercial banks, and (3) which are rated Am or Am-g or better by the Rating Agency, including money market funds for which the Trustee and its affiliates receive and retain a fee from the fund for providing investment advisory, transfer agency, custodial or other management services;

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

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

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

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

The term "Investor Limited Partner" shall mean MCC Housing LLC, a California limited liability company, and its successors and assigns.

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

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

The term "Loan" means the loan of the proceeds of the Bond made by the Issuer to the Borrower pursuant to the Loan Agreement for the purpose of financing costs of the acquisition and rehabilitation of the Project.

The term "Maturity Date" shall mean _____, 2043.

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

The term "Note" means the promissory note evidencing the obligation of the Borrower to repay the Loan, in the form required by the Loan Agreement, as amended or supplemented from time to time.

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

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

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

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

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

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

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

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

The term "Project" means the multifamily rental housing facilities to be acquired and rehabilitated by the Borrower with the proceeds of the Loan located at 350 17th Street in San Diego, California, and any structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities, and a fee interest in the land on which such housing is situated.

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

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

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

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

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

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

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

The term "Regulatory Agreement" shall mean the Regulatory Agreement and Declaration of Restrictive Covenants, of even date herewith, by and between the Issuer and the Borrower, as it may be amended, supplemented or restated from time to time.

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

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

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

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

The term “State” means the State of California.

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

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

The term “Title Company” means Fidelity National Title Company.

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

Section 1.02. Rules of Construction.

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

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

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

ARTICLE II

THE BOND

Section 2.01. Authorization. There is hereby authorized to be issued a bond of the Issuer designated as "Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Casa Nueva), Series 2024B" in the initial aggregate principal amount of up to \$12,968,761, subject to funding over time, as provided herein. No Bond may be issued hereunder except in accordance with this Article. The maximum aggregate principal amount of the Bond which may be issued and Outstanding under this Indenture shall not exceed the applicable Authorized Amount.

Section 2.02. Terms of the Bond. The Bond 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 Bond shall be issuable only as a single fully registered bond, without coupons in the principal amount equal to the aggregate of the purchase price of the Bond advanced from time to time by the owner of the Bond (which principal amount shall be, on the Closing Date, equal to the amount of the Initial Disbursement). Notwithstanding the foregoing, no purchase price of a Bond shall be funded after December 1, 2026 unless there is delivered to the Trustee an opinion of Bond Counsel to the effect that such funding will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Bond. The Bond shall be dated the Closing Date, shall mature on and be payable in full on the Maturity Date, and shall be subject to redemption prior to maturity as provided in Article IV.

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

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

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

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

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

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

Only the Bond 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 Bond so authenticated has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

Section 2.05. Transfer of the Bond.

(a) The 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 they are registered, in person or by such Person's duly authorized attorney, upon surrender of the 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 the Bond shall be surrendered for transfer, the Issuer shall execute and the Trustee shall authenticate and deliver new, fully registered Bond to the transferee.

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

(i) the Bond in the form attached hereto as Exhibit A shall be a physical certificated instrument, and shall not be held in a book-entry only system unless approved in advance in writing by the Issuer in its sole discretion;

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

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

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

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

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

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

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

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

Section 2.06. Bond Register. The Issuer hereby appoints the Trustee as registrar and authenticating agent for the Bond. The Trustee will keep or cause to be kept at its Principal

Office sufficient books for the registration, notation of principal and transfer of the Bond, which shall at all reasonable times upon reasonable notice be open to inspection by the Issuer and the Borrower; and, upon presentation for such purpose, the Trustee as registrar shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, the Bond as hereinbefore provided.

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

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

ARTICLE III

ISSUANCE OF THE BOND; APPLICATION OF PROCEEDS

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

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

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

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

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

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

Section 3.02. Application of Proceeds of Bond/Draw Down Provisions. The Initial Disbursement and subsequent disbursements of the proceeds received from the sale of the Bond shall be made in accordance with Section 3.03 of this Indenture. The Bondowner shall fund the purchase prices of the Bond from time to time by funding advances of principal of the Loan

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

The Initial Disbursement shall constitute an initial funding of the purchase price of the Bond, and an initial funding of the Loan evidenced by the Note. As provided in Section 3.01(c) the Initial Disbursement shall be remitted by the Bondowner to the Title Company. A portion of such amount shall be disbursed by the Title Company to the Borrower to pay Project Costs, as reflected in the Title Company's Settlement Statement provided as of the Closing Date; and the portion thereof not to be so dispersed in the amount specified in paragraph 4(b) of the Closing Wire Transfer Memorandum provided by CSG Advisors Incorporated on the Closing Date shall be remitted by the Title Company on the Closing Date to the Trustee for deposit by the Trustee in the Bond Proceeds Account of the Construction Fund. Upon submission by the Borrower of a disbursement request executed by the Borrower and approved by the Bondowner Representative, the Trustee shall use the funds described in the preceding sentence to satisfy the disbursement request before using proceeds of any advance of the purchase price of the Bond by the Bondowner, following the Closing Date, that are deposited to the Bond Proceeds Account.

The Trustee shall record each payment by the Bondowner of the purchase price of the Bond on the Bond and otherwise in its records for the Bond.

Notwithstanding anything herein to the contrary, the purchase price of the Bond funded by the Bondowner may not exceed the Authorized Amount (and the Trustee shall not record any advances which would cause the principal amount of the Bond to exceed the Authorized Amount). In no event may additional amounts be funded after December 1, 2026 unless there is delivered to the Trustee an opinion of Bond Counsel to the effect that such funding will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Bond.

Section 3.03. Disbursement of Bond Proceeds; Establishment of Construction Fund. There is hereby created and established with the Trustee a separate fund which shall be designated the "Construction Fund," which fund shall be applied only as provided in this Section. Within the Construction Fund there shall be created a Bond Proceeds Account to be held by the Trustee. The Initial Disbursement on the Closing Date shall be funded by the Bondowner pursuant to the Loan Agreement and the Construction and Permanent Loan Agreement, and shall be remitted by the Bondowner to the Title Company, as described in Section 3.01(c), and shall constitute an initial funding of the Loan. Except as provided in paragraph (b) below, all subsequent advances by the Bondowner of the purchase prices of the Bond shall be remitted by the Bondowner to the Trustee, and shall be deposited by the Trustee

into the Bond Proceeds Account of the Construction Fund for payment to or upon the order of the Borrower to pay Qualified Project Costs upon compliance by the Borrower with the applicable provisions of the Loan Agreement and the Construction and Permanent Loan Agreement, as described in paragraph (a) below.

(a) Each advance of the purchase price of a Bond shall be treated as a concurrent funding of the Loan. Funds on deposit in the Construction Fund, and any interest earnings thereon, shall be transferred by the Trustee to the Borrower (or, at the direction of the Bondowner Representative, to such contractors or subcontractors as specified in writing to the Trustee by the Bondowner) for the payment of Project Costs (as defined in the Regulatory Agreement) approved by the Bondowner Representative. The Issuer hereby authorizes and directs the disbursement by the Trustee of the amounts deposited in the Construction Fund in accordance with this Indenture to or upon the order of the Borrower (or, at the direction of the Bondowner Representative, to such contractors or subcontractors as specified in writing to the Trustee by the Bondowner) from time to time upon receipt by the Trustee of a disbursement request from the Borrower in the form attached hereto as Exhibit C (on which the Trustee may conclusively rely, without liability), and a written consent executed by the Bondowner Representative evidencing a determination of the Bondowner Representative that the conditions to disbursement contained in the Construction and Permanent Loan Agreement have been satisfied or waived.

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

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

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

If an Event of Default under and as defined in the Loan Agreement occurs and the maturity of the Bond 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 Bond.

If the Bondowner Representative directs the Trustee to deposit Damage Proceeds (as defined in the Deed of Trust) to the Construction Fund as described in the second sentence of the second paragraph of Section 5.02, such funds shall be disbursed from the Construction Fund in the same manner as Bond proceeds deposited to the Bond Proceeds Account of the Construction Fund as set forth above, but such disbursement shall be subject to the applicable provisions of the Construction and Permanent Loan Agreement and the Deed of Trust

(compliance with such provisions being evidenced by the Bondholder Representative's signature on the Borrower's Construction Fund disbursement request).

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

ARTICLE IV

REDEMPTION OF THE BOND

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

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

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

(c) The Bond shall be subject to mandatory redemption, at the direction of the Bondowner Representative (given in accordance with the Loan Agreement or the Deed of Trust), in whole or in part on any date, from insurance proceeds received in connection with a partial or total casualty loss of the Project or a condemnation award in connection with a partial or complete taking of the Project, but only to the extent such proceeds or award are deposited to the Bond Fund and not used to repair, replace or restore the Project (as described in the second sentence of the second paragraph of Section 5.02), at a price equal to the principal amount of the Bond to be redeemed plus interest accrued thereon to the date fixed for redemption and any additional amount payable pursuant to the Note, the Loan Agreement or the Construction and Permanent Loan Agreement. The Bondowner Representative shall identify in writing to the Trustee the principal amount of each series of the Bond to be redeemed.

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

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

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

ARTICLE V

REVENUES

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

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

THE BOND IS A LIMITED, SPECIAL OBLIGATION OF THE ISSUER, PAYABLE SOLELY AND ONLY FROM THE TRUST ESTATE AND ANY OTHER REVENUES, FUNDS AND ASSETS PLEDGED UNDER THIS INDENTURE. NONE OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BOND OR TO SATISFY ANY OTHER MONETARY OBLIGATIONS OF THE ISSUER UNDER THE LOAN DOCUMENTS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE REPAYMENT OF THE BOND IS NOT SECURED BY A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DOES THE BOND CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER.

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

The Issuer shall not be liable for payment of the principal of or interest on the Bond 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 Bond or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

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

The Trustee shall credit to the Bond Fund from time to time, upon receipt thereof, all Revenues, including (i) income received from the investment of moneys on deposit in the Bond Fund, and (ii) any other Revenues, including insurance proceeds, condemnation awards and other Loan payments or prepayments received from or for the account of the Borrower. It is acknowledged, however, that Damage Proceeds (as defined in the Deed of Trust), may be disposed of as provided in the Deed of Trust to repair or replace the Project, and the Trustee shall dispose of any Damage Proceeds received by it as directed in writing by the Bondowner Representative delivered to the Trustee (with a copy to the Issuer and the Borrower) either (i) for deposit to the Construction Fund and disbursed as provided in Section 3.03, the Construction and Permanent Loan Agreement and the Deed of Trust, or (ii) deposited to the Bond Fund to be used to redeem Bond in accordance with Section 4.01(d).

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 Bond as the same shall become due, whether at maturity or upon redemption or acceleration or otherwise.

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

Section 5.03. Investment of Moneys. Except as otherwise provided in this Section, any moneys in any of the funds and accounts to be established by the Trustee pursuant to this Indenture shall be invested by the Trustee in Investment Securities selected and directed in writing by the Borrower, with respect to which payments of principal thereof and interest thereon are scheduled or otherwise payable not later than one day prior to the date on which it is estimated that such moneys will be required by the Trustee to make any payment required hereunder. In the absence of such directions, the Trustee shall invest such monies in Investment Securities set forth in a standing investment instruction of the Borrower delivered to the Trustee prior to the issuance of the Bond. In the absence of such standing investment instructions, the Trustee shall hold the monies uninvested. The Trustee shall have no liability or responsibility for any loss resulting from any investment made in accordance with the Borrower's investment instructions, except for those arising from the willful misconduct or fraud on the part of the Trustee.

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

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

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

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

The Issuer (and the Borrower by its execution of the Loan Agreement) acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer or the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Issuer and the Borrower will not receive such confirmations to

the extent permitted by law. The Trustee will furnish the Borrower and the Issuer (to the extent requested by it) periodic cash transaction statements which shall include detail for all investment transactions, if any, made by the Trustee hereunder.

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

ARTICLE VI

COVENANTS OF THE ISSUER

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

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

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

Section 6.04. Further Assurances. Whenever and so often as requested so to do by the Bondowner Representative, the Issuer, at the expense of the Borrower, shall promptly, following receipt from the Borrower of funds determined by the Issuer as necessary to pay its costs in the circumstances, execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and

more fully vest in the Bondowner Representative and the Bondholder all of the rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Indenture and to perfect and maintain as perfected such rights, interests, powers, benefits, privileges and advantages.

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

Section 6.06. Limitation of Expenditure of Proceeds. To the best knowledge of the Issuer, and based solely upon the Borrower’s representations in the Borrower’s Certificate Regarding Use of Proceeds dated the Closing Date and the covenants by the Borrower in Section 5.03 of the Loan Agreement and in the Regulatory Agreement, not less than 97% of the face amount of the Bond, plus premium (if any) paid on the purchase of the Bond by the original purchaser thereof from the Issuer, less original issue discount, will be used for Qualified Project Costs and less than 25% of such amount will be used for acquisition of land or an interest in land.

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 6.10. Prohibited Facilities. To the best knowledge of the Issuer, based solely upon the Borrower's representations in the Loan Agreement and the Regulatory Agreement, no

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

Section 6.11. Use Covenant. The Issuer shall not, based solely upon the Borrower's representations in the Loan Agreement and the Regulatory Agreement, use any proceeds of the Bond or any other funds of the Issuer, directly or indirectly, in any manner, and shall not take any other action or actions, which would result in the Bond being treated as an obligation not described in Section 142(d) of the Code by reason of the Bond not meeting the requirements of Section 142(d) of the Code.

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

Anything in this Indenture to the contrary notwithstanding, it is expressly understood by the parties to this Indenture that (a) the Issuer and the Trustee may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer or the Trustee as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under this Indenture to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee (in regards to record keeping only) or by the Bondowner Representative, and (c) none of the provisions of this Indenture shall require the Issuer or the Trustee to expend or risk

its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Indenture, unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action.

Section 6.13. No Recourse. No recourse under or upon any obligation, covenant or agreement contained in this Indenture or in the Bond shall be had against the members of the Board of Commissioners of the Issuer nor the officers, directors, employees or agents (past, present or future) of the Issuer, either directly or through the Issuer or its governing body or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Holder of the Bond issued hereunder, or otherwise, of any sum that may be due and unpaid by the Issuer or its governing body upon the Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such member, officer, commissioner, director or employee, as such, to respond by reason of any act of omission on his/her part or otherwise, for the payment for or to the Holder of the Bond issued hereunder or otherwise of any sum that may remain due and unpaid upon the Bond hereby secured is, by the acceptance hereof, expressly waived and released by the Bondowner as a condition of and in consideration for the execution of the Indenture and the issuance of the Bond.

Section 6.14. Limitation of Liability of Issuer and Its Officers, Employees and Agents. No recourse under or upon any obligation, covenant, warranty or agreement contained in this Indenture or in the Bond, or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of this Indenture, shall be had against the members of the Board of Commissioners of the Issuer nor the officers, directors, employees or agents of the Issuer, as such, past, present or future, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or any receiver of the Issuer, or for or to the owner of the Bond, or otherwise, of any sum that may be due and unpaid by the Issuer upon the Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of the members of the Board of Commissioners of the Issuer nor the officers, directors, employees thereof, as such, by reason of any act of omission on his or her part or otherwise, for the payment for or to the owner of the Bond or otherwise of any sum that may remain due and unpaid upon the Bond secured by this Indenture or any of them is, by the acceptance of the Bond, expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bond.

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

No recourse for the payment of any part of the principal of, premium, if any, or interest on the Bond or for the satisfaction of any liability arising from, founded upon or existing by reason of the issuance, purchase or ownership of the Bond shall be had against the members of the Board of Commissioners of the Issuer nor the officers, directors, employees or agents of the

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

ARTICLE VII

DEFAULT

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

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

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

Following the occurrence of an Event of Default, the Bondowner Representative may, (i) by notice in writing to the Trustee, the Issuer and the Borrower, declare the principal of all the Bond 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 Bond contained to the contrary notwithstanding, and/or (ii) pursue and direct the Trustee to pursue, such other remedies as are permitted under applicable law. Upon any such declaration of acceleration, the Trustee, at the direction of the Bondowner Representative, shall fix a date for payment of the Bond.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bond shall have been so declared due and payable, and before any trustee's sale or foreclosure sale shall have occurred or judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, there shall have been deposited with the Trustee a sum sufficient to pay all the principal of the Bond matured or required to be redeemed prior to such declaration and all matured installments of interest (if any) upon the Bond, with interest on such overdue installments of principal and prepayment premium, to the extent applicable, and the reasonable fees and expenses of the Trustee, its agents and counsel, and any and all other defaults actually known to a Responsible Officer of the Trustee (other than in the payment of principal of and interest on the Bond due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Bondowner Representative to be adequate shall have been made therefor, then the Bondowner Representative, by written notice to the Issuer and the Trustee, may, on behalf of the owner of the Bond, rescind and annul such declaration and its consequences and waive such default; but no such rescission, annulment or waiver shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

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

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

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

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

presentation of the Bond and stamping thereon the payment, if only partially paid, and upon surrender thereof to the Trustee, if fully paid:

- First: For payment of all amounts due to the Trustee, then the Bondowner Representative, under Section 8.06.
- Second: For deposit in the Bond Fund to be applied to payment of the principal of the Bond then due and unpaid and interest thereon with application as between principal and interest, and between the Bond, as the Bondowner Representative shall determine in its sole discretion.
- Third: For payment of all other amounts due from the Borrower to any person hereunder or under the Loan Agreement, the Note or the other Loan Documents.
- Fourth: To the Borrower.

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

Section 7.05. Remedies Cumulative. No remedy herein conferred upon or reserved to the Trustee, Bondowner Representative or to any owner of the Bond 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 Bond in Event of Default. The Issuer covenants that, upon the happening of any Event of Default, the Issuer will pay to the Trustee upon demand, but only out of Revenues and subject to all the limitations on liability of the Issuer set forth in Sections 6.12, 6.13 and 6.14 hereof, for the benefit of the owner of the Bond, the whole amount then due and payable thereon (by declaration or otherwise) for interest or for principal, or both, as the case may be, and all other sums which may be due hereunder or secured hereby, including reasonable compensation to the Trustee, the Bondowner Representative, their agents and counsel, and any expenses or liabilities incurred by the Trustee or Bondowner Representative hereunder. In case the Issuer shall fail to pay the same forthwith upon such demand, the Trustee, at the direction of the Bondowner Representative, as trustee of an express trust, and upon being indemnified by the Bondholder to its satisfaction, shall institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, together with costs and reasonable attorneys' fees, subject, however, to the condition that such judgment, if any, shall be limited to, and payable solely out of Revenues and any other assets pledged, transferred or assigned to the Trustee under Section 5.01 as herein

provided and not otherwise. The Bondowner Representative shall be entitled to recover such judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of this Indenture, and the right of the Bondowner Representative to recover such judgment shall not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture.

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

Section 7.08. Power of Bondowner Representative to Control Proceedings. Notwithstanding any other provision of this Indenture, the Bondowner Representative shall have exclusive control of the remedies set forth herein upon an Event of Default. In the event that the Bondowner Representative, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, it shall have full power, in the exercise of its sole discretion for the best interests of the owner of the Bond, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action. The Trustee shall, upon receipt of satisfactory indemnity as provided in Section 8.01(d) and the written direction of the Bondowner Representative, take such actions as shall be contained in such direction to enforce the Deed of Trust and other Loan Documents in accordance with applicable law.

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

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

Section 7.09. Limitation on Bondholder's Right to Sue. The owner of the Bond issued hereunder shall not have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, except through the actions of the Bondowner

Representative. However, the right of the owner of the Bond to receive payment of the principal of (and premium, if any) and interest on the Bond out of Revenues, as herein and therein provided, on and after the respective due dates expressed in the Bond shall not be impaired or affected without the consent of the Bondowner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

ARTICLE VIII

THE TRUSTEE AND AGENTS

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

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

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

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

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

(d) Before exercising its rights or powers hereunder, under the Regulatory Agreement or the Loan Agreement, including taking any action under the Regulatory Agreement, this Indenture or the Loan Agreement at the request or direction of the Bondholder or the Bondowner Representative, the Trustee may require that a satisfactory indemnity be furnished by the Bondholder for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken;

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

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

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

(h) [Reserved];

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

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

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

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

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

(n) The Trustee acknowledges that Borrower has an obligation to pay certain fees to the Issuer pursuant to Section 7(a) of the Regulatory Agreement. The Trustee further acknowledges that in order to preserve the tax-exempt status of interest on the Bond, the Borrower must comply with requirements for rebate of excess investment earnings to the federal government to the extent applicable. The Trustee agrees to use commercially

reasonable efforts to send the Borrower a notification or reminder of: (i) its payment obligations under said Section 7(a)(ii) of the Regulatory Agreement 30 days preceding each annual payment date therefor, commencing with the payment date on January 1, 2025, and ending on the date set forth in the Regulatory Agreement; and (ii) the Borrower's obligation to make payments to the Rebate Fund as provided herein; and

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

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties as Trustee or in the exercise of any of its rights or powers as Trustee. Whether or not therein expressly so provided, every provision of this Indenture, the Loan Agreement, the Regulatory 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.

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

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

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

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

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

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

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

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

Section 8.03. Trustee Not Responsible for Recitals. The recitals contained herein and in the Bond shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same or for the correctness of the recitals in the Loan Agreement or the Regulatory 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 Bond. The Trustee makes no representations as to the value or condition of any assets pledged or assigned as security for the Bond, or as to the right, title or interest of the Issuer therein, or as to the security provided thereby or by this Indenture, the Loan Agreement or the Deed of Trust, or as to the compliance of the Project with the Act, or as to the tax-exempt status of the Bond, or as to the technical or financial feasibility of the Project, or as to the validity or sufficiency of this Indenture as an instrument of the Issuer or of the Bond as an obligation of the Issuer. The Trustee shall not be accountable for the use or application by the Bondowner of the Bond authenticated or delivered hereunder or of the use or application of the proceeds of such Bond by the Borrower or its agents.

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

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

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

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

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

or the Trustee as such, except funds held in trust by the Bondowner Representative or the Trustee for the benefit of the owner of a particular principal amount of the Bond, which amounts shall be held solely for the benefit of the Bondholder and used only for the payment of principal of and premium, if any, and interest on the Bond. The Bondowner Representative's and the Trustee's rights to immunities, indemnities and protection from liability hereunder and their rights to payment of their fees and expenses shall survive such Bondowner Representative's and the Trustee's resignation or removal and final payment of the Bond.

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

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

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

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

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

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

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

(b) Resignation of Trustee. The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the Issuer and to the Bondholder.

Upon receiving such notice of resignation, the Borrower shall appoint a successor Trustee by an instrument in writing with the written consent of the Bondowner Representative and the Issuer. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

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

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

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

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

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

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

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

Section 8.15. Paying Agents. The Trustee, with the written approval of the Issuer and the Bondowner Representative, may appoint and at all times have one or more paying agents in such place or places as the Trustee may designate, for the payment of the principal of, and the interest (and premium, if any) on, the Bond. 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 Bond presented at the place of payment. The paying agent initially appointed hereunder is the Trustee.

ARTICLE IX

MODIFICATION OF INDENTURE

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

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

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

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

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

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

ARTICLE X

DEFEASANCE

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

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

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

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

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

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

ARTICLE XI

MISCELLANEOUS

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

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

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

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

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

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

The Issuer:	San Diego Housing Commission/Housing Finance 1122 Broadway, Suite 300 San Diego, CA 92101 Attention: Executive Director
The Bondowner Representative:	JPMorgan Chase Bank, N.A. Community Development Banking 300 Grand Avenue, Suite 300 Los Angeles, CA 90017 Attention: Eri Kameyama, Vice President
with a copy to:	JP Morgan Chase Bank, N.A. 4 New York Plaza, 19th Floor Mail Code: NY1-E092 New York, NY 10004 Attention: CDRE Counsel
with a copy to:	KMO Partners LLP 3777 Long Beach Boulevard, Suite 280 Long Beach, CA 90807 Attention: John Opgenorth, Esq.
The Trustee:	U.S. Bank Trust Company, National Association 633 West Fifth Street, 24th Floor Los Angeles, CA 90071 Attention: Global Corporate Trust
The Borrower:	Casa Nueva II LP c/o San Diego Community Housing Corporation 4725 Mercury Street, Suite 200 San Diego, CA 92111 Attention: Ted Miyahara, President & CEO

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

and a copy to: MCC Housing LLC
c/o Merritt Community Capital Corporation
1901 Harrison Street, Suite 1650
Oakland, CA 94612
Attention: David Dologite, Director of Acquisitions

and a copy to: Carle, Mackie, Power & Ross LLP
100 B Street, Suite 400
Santa Rosa, CA 95401-6376
Attention: Jason C. Vargelis, Esq.

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

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

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

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

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

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

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

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

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

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

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

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

Section 11.14. Recycling Transactions. Notwithstanding provisions regarding "Revenues" or any other provision of this Indenture or the Bond to the contrary, the Trustee shall transfer payments or prepayments of the Note to a custodian or trustee selected by the Issuer, in lieu of application to pay or prepay a like portion of the Bond, so long as the Issuer simultaneously causes other funds provided by or on behalf of the Borrower to be applied to pay or redeem such portion of the Bond, as evidenced by a settlement statement or wire memorandum executed by the Issuer. Such other funds shall be Revenues, and such Note payments or prepayments replaced in like amount by such other funds shall *not* be Revenues for the purpose of this Indenture and the 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.

Section 11.15. Electronic Transactions. The transactions described in this Indenture may be conducted and the related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Issuer, the Trustee and the Bondowner Representative have caused this Indenture to be executed as of the date first written above.

HOUSING AUTHORITY OF THE CITY
OF SAN DIEGO

By: _____
Colin Miller,
Senior Vice President Housing
Finance & Property Management

19048.58;J19246

[Issuer's Signature Page to Casa Nueva Indenture of Trust]

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

19048.58;J19246

[Trustee's Signature Page to Casa Nueva Indenture of Trust]

JPMORGAN CHASE BANK, N.A., as
Bondowner Representative

By: _____
Eri Kameyama,
Authorized Officer

19048.58;J19246

[Bondowner Representative's Signature Page to Casa Nueva Indenture of Trust]

EXHIBIT A
FORM OF THE BOND

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

No. R-1

\$12,968,761

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BOND
(CASA NUEVA),
SERIES 2024B

REGISTERED OWNER: JPMORGAN CHASE BANK, N.A.

PRINCIPAL SUM: TWELVE MILLION NINE HUNDRED SIXTY-EIGHT THOUSAND
SEVEN HUNDRED SIXTY-ONE DOLLARS

ISSUE DATE: JANUARY __, 2024

INTEREST RATE: VARIABLE

The Housing Authority of the City of San Diego, a public body, corporate and politic of the State of California, duly organized under the laws of the State of California (herein called the "Issuer"), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the Registered Owner identified above or registered assigns, on _____, 2043 (subject to prior redemption as provided in the Indenture) the sum of up to Twelve Million Nine Hundred Sixty-Eight Thousand Seven Hundred Sixty-One Dollars (\$12,968,761) in lawful money of the United States, with interest thereon from the date of disbursement until paid at the above Interest Rate or as otherwise described below. The actual unpaid principal hereof shall be equal to the purchase price hereof paid by the Bondowner under the Indenture and the Loan Agreement to fund the Loan, less any portion of the principal hereof redeemed pursuant to the Indenture. Capitalized terms used in this Bond and not defined herein shall have the meanings given such terms in the Indenture referenced below, or in the Note, dated as of the Issue Date above, made by Casa Nueva II LP, a California limited partnership (the "Borrower"), to the order of the Issuer.

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

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

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

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

This Bond is a duly authorized bond of the Issuer designated as "Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Casa Nueva), Series 2024B" (the "Bond"), in the initial maximum principal amount of up to \$12,968,761. This Bond is issued in accordance with Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the "Act") and a resolution of the Board of Commissioners of the Issuer (the "Resolution"), and issued under and secured by an Indenture of Trust, dated as of January 1, 2024 (the "Indenture"), among the Issuer, U.S. Bank Trust Company, National Association, as the Trustee and JPMorgan Chase Bank, N.A., as Bondowner Representative. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owner of this Bond, of the nature and extent of the security, of the rights, duties and immunities the Trustee and the Bondowner Representative, and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the owner of this Bond, by acceptance hereof, assents and agrees. The proceeds of the this Bond will be used to make the Loan to the Borrower pursuant to a Loan Agreement, dated as of January 1, 2024 (the "Loan Agreement") among the Issuer, JPMorgan Chase Bank, N.A., as Bondowner Representative, and the Borrower, to finance costs of the acquisition and rehabilitation of residential rental facilities located in the City of San Diego, California.

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

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

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

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

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

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

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

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

The schedule of drawings attached as Exhibit A hereto shall be used by the Trustee to record the payment of the purchase price of this Bond from time to time (such purchase price to be paid from time to time by the Holder of this Bond as provided in the Indenture and the Loan Agreement), which shall evidence the principal amount of this Bond purchased by the Bondowner from time to time. The Trustee shall credit any advanced funds toward the purchase price of this Bond on the schedule of drawings attached hereto as Exhibit A. The total amount outstanding under this Bond may not exceed \$12,968,761 at any time and no portion of the purchase price therefor shall be funded after December 1, 2026 unless there is delivered to the Trustee an opinion of Bond Counsel to the effect that such funding will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on this Bond.

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

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

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

Notwithstanding provisions regarding "Revenues," or any other provision of this Bond or the Indenture to the contrary, the Issuer shall be permitted to direct Note payments or prepayments to be transferred to a custodian or trustee selected by the Issuer, in lieu of application to pay or redeem a like portion of this Bond, so long as the Issuer simultaneously causes other funds to be applied to pay or redeem 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.

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

[Remainder of Page Intentionally Left Blank]

The Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of its authorized representative, and attested by the facsimile signature of its Deputy Secretary, as of the date first written above.

HOUSING AUTHORITY OF THE CITY
OF SAN DIEGO

By: _____
Colin Miller,
Senior Vice President Housing
Finance & Property Management

ATTEST:

By: _____
Scott Marshall,
Deputy Secretary

CERTIFICATE OF AUTHENTICATION

This is the Bond described in the within-mentioned Indenture and has been authenticated and registered on January __, 2024.

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

ASSIGNMENT

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

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

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

Dated: _____

Signature Guaranteed:

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

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

SCHEDULE OF DRAWINGS

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

[Date]

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

U.S. Bank Trust Company, National Association
Los Angeles, California

Housing Authority of the City of San Diego
Multifamily Housing Revenue Bond
(Casa Nueva),
Series 2024B

Ladies and Gentlemen:

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

(a) The Investor is a Sophisticated Investor, as defined in Section 1.01 of the Indenture of Trust, dated as of January 1, 2024 (the "Indenture of Trust"), among the Issuer, JPMorgan Chase Bank, N.A., as Bondowner Representative, and U.S. Bank Trust Company, National Association, as Trustee.

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

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

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

(e) The Investor is familiar with the conditions, financial and otherwise, of the Borrower (as such term is used in the Indenture of Trust) and understands that the Borrower has no significant assets other than the Project (as defined in the Indenture of Trust) for payment of the Loan (as defined in the Indenture of Trust). Further, the Investor understands that the Bond involve a high degree of risk. Specifically, and without in any manner limiting the foregoing, the Investor understands and acknowledges that, among other risks, the Bond are payable solely from payments made by the Borrower on the Loan. The Investor has been provided an opportunity to ask questions of, and the Investor has received answers from, representatives of the Borrower regarding the terms and conditions of the Bond and the Loan. The Investor has obtained all information requested by it in connection with the issuance of the

Bond as it regards necessary to evaluate all merits and risks of its investment in the Bond. The Investor has reviewed the documents executed in conjunction with the issuance of the Bond, including, without limitation, the Bond, the Indenture of Trust, the Note (as such term is defined in the Indenture of Trust) and the Loan Agreement.

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

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

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

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

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

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

(l) None of the Issuer, its Board of Commissioners, or any of its employees or agents will have any responsibility to the Investor for the accuracy or completeness of information obtained by the Investor from any source regarding the Borrower or its financial condition or regarding the Bond, the provision for payment thereof, or the sufficiency of any security therefor. No written information has been provided by the Issuer to the Investor with respect

to the Bond. The Investor acknowledges that, as between the Investor and all of such parties, the Investor has assumed responsibility for obtaining such information and making such review as the Investor deemed necessary or desirable in connection with its decision to purchase the Bond.

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

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

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

Very truly yours,

JPMORGAN CHASE BANK, N.A., as
Bond Purchaser

By: _____

Its: _____

[Signature Page to Casa Nueva Investor Letter]

EXHIBIT C

FORM OF CONSTRUCTION FUND DISBURSEMENT REQUEST

DRAW NUMBER []

To: U.S. Bank Trust Company, National Association, as trustee (the "Trustee") under that certain Indenture of Trust, dated as of January 1, 2024 (the "Indenture"), among the Trustee, the Housing Authority of the City of San Diego and JPMorgan Chase Bank, N.A., as the Bondowner Representative.

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

2. The undersigned certifies that:

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

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

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

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

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

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

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

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

Dated: _____

CASA NUEVA II LP,
a California limited partnership

By: Casa Nueva II LLC,
a California limited liability company,
its general partner

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

By: _____
Theodore T. Miyahara,
President & CEO

APPROVED:

JPMORGAN CHASE BANK, N.A.,
as Bondowner Representative

By: _____

Its: _____

[Signature Page to Construction Fund Disbursement Request]

SCHEDULE I

Amount	Person	Purpose
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LOAN AGREEMENT

by and among

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

**JPMORGAN CHASE BANK, N.A.
as Bondowner Representative**

and

**CASA NUEVA II LP,
a California limited partnership
as Borrower**

Dated as of January 1, 2024

**relating to:
\$12,968,761
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bond
(Casa Nueva),
Series 2024B**

The interests of the Issuer in this Loan Agreement and the Note, excluding the Reserved Rights, have been assigned to U.S. Bank Trust Company, National Association, as trustee, pursuant to an Assignment of Deed of Trust and Related Documents dated as of January 1, 2024 by the Issuer for the benefit of U.S. Bank Trust Company, National Association, as trustee.

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement") is made and entered into and dated as of January 1, 2024, by and among the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a body corporate and politic of the State of California (together with any successors and assigns, the "Issuer"); JPMORGAN CHASE BANK, N.A., as Bondowner Representative (the "Bondowner Representative"), and CASA NUEVA II LP, a California limited partnership (the "Borrower").

R E C I T A L S :

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

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

WHEREAS, the Borrower has requested that the Issuer issue its Multifamily Housing Revenue Bond (Casa Nueva) Series 2024B (the "Bond") for the purpose of making a loan (the "Loan") to the Borrower to finance, in part, the acquisition and rehabilitation by the Borrower of multifamily rental housing facilities known as the Casa Nueva II Apartments, located at 350 17th Street in San Diego, California, on land which is more particularly described on Exhibit A (the "Land") which Land, together with the improvements located thereon (the "Improvements") is collectively referred to herein as the "Property" or the "Project;" and the Bond is being issued pursuant to an Indenture of Trust, dated as of January 1, 2024 by and among the Issuer, U.S. Bank Trust Company, National Association, as trustee ("Trustee") and the Bondowner Representative (the "Indenture"); and

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

WHEREAS, to evidence the Loan, the Borrower is executing in favor of the Issuer that certain promissory note payable to the order of the Issuer in the original maximum principal amount of \$12,968,761 (the "Note"), which Note provides for the repayment of the Loan in amounts sufficient to pay, when due, the principal of, premium, if any, and interest on the Bond; and

WHEREAS, the Borrower has executed or caused to be executed and delivered to the Issuer the Construction and Permanent Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing (the "Deed of Trust") with respect to the Project, which Deed of Trust shall be assigned by the Issuer to the Trustee, as trustee, pursuant to that certain Assignment of Deed of Trust and Related Documents (the "Assignment of Deed of Trust"), dated as of January 1, 2024, to secure, among other things, the payments due under the Note and this Agreement; and

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

AGREEMENT:

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

ARTICLE I

DEFINITIONS

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

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

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

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

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

“Construction and Permanent Loan Agreement” means that Construction and Permanent Loan Agreement dated as of January 1, 2024 between the Borrower and the Bondowner Representative.

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

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

“Draw Package” has the meaning set forth in the Construction and Permanent Loan Agreement.

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

“Guarantor” has the meaning set forth in the Construction and Permanent Loan Agreement.

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

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

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

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

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

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

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

“Loan Documents” means, collectively, this Agreement, the Construction and Permanent Loan Agreement, the Note, the Deed of Trust, the Regulatory Agreement, the other Security Documents and all other documents that evidence, guarantee or secure the Loan.

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

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

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

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

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

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

“Trustee Ongoing Fee” means the ongoing fee of the Trustee in the amount of \$2,750.00, payable annually in advance on each January 1, commencing January 1, 2025.

ARTICLE II

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

Section 2.01. Issuance of the Bond. Upon execution of this Agreement, the other Loan Documents, the Indenture and the occurrence of all conditions precedent to the issuance of the Bond in Section 3.01 of the Indenture, the Issuer will execute the Bond and the Trustee will authenticate and deliver the Bond to the Bondowner Representative, or to its order, upon

payment of the initial purchase price of the Bond in the amount of the Initial Disbursement. The proceeds of the Bond will be disbursed in accordance with the Indenture and this Agreement.

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

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

- (a) all reasonable legal (including Bond Counsel and counsel to the Borrower, the Issuer, the Trustee, and the Bondowner Representative), abstractors', title insurance, financial, engineering, environmental, construction services, survey, appraisal and accounting fees and expenses, administrative fees, printing and engraving costs and other expenses incurred and to be incurred by the Borrower, the Issuer, the Trustee or the Bondowner Representative on or before or in connection with issuance of the Bond;

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

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

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

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

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

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

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

ARTICLE III

DISBURSEMENTS

Section 3.01. Disbursements of the Loan and the Bond. (a) The Bondholder shall advance funds to purchase the Bond and fund the Loan as provided herein, in the Construction and Permanent Loan Agreement and in the Indenture. Notwithstanding anything contained in this Loan Agreement or in any other agreement to the contrary, the Bondholder shall not be required to fund the Loan or approve any disbursement of Bond proceeds (except for fees, costs and reimbursements payable to Bondholder), unless and until Bondholder has determined in its sole and absolute discretion that all conditions precedent thereto as set forth in the Indenture, the Construction and Permanent Loan Agreement and this Loan Agreement have been satisfied.

(b) Under no circumstances shall the aggregate amount of funds requisitioned hereunder, and chargeable to the Loan, exceed the Authorized Amount of the Bond, which shall be derived from funds advanced to purchase the Bond in an amount which shall not exceed the Authorized Amount. Notwithstanding any other provision of this Agreement the principal amount of the Note and the Loan shall equal the purchase price of the Bond advanced by the

Bondowner; all to the extent the Bond is Outstanding under the Indenture and the Loan has not been repaid under this Loan Agreement. The Bondholder and the Borrower agree to notify the Trustee of the date and amount of each disbursement of the Loan (which disbursements shall be made, except as otherwise provided in Section 3.02 and 3.03 of the Indenture, by the deposit of Bond advances in the Bond Proceeds Account of the Construction Fund under the Indenture) for notation on the Schedules of Drawings attached to the Bond as additional payment of purchase price of the Bond by delivery of completed Disbursement Requests.

(c) The Borrower may submit Draw Packages to the Bondholder Representative as provided in the Construction and Permanent Loan Agreement.

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

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

Section 3.02. Limitations on Disbursements. Notwithstanding recording of the Deed of Trust or anything contained in this Agreement, the Bondowner Representative will not be required to make any Disbursement unless and until the Borrower has satisfied all applicable conditions to such Disbursement set forth in the Construction and Permanent Loan Agreement. No Disbursement of the Loan shall be made after December 1, 2026, notwithstanding anything to the contrary contained in any construction or rehabilitation contract or any other document unless there is first delivered to the Trustee an opinion of Bond Counsel to the effect that Disbursements after such date will not adversely affect the exclusion of interest on the Bond from the gross income of the Bondowner for federal income tax purposes.

ARTICLE IV

COVENANTS OF BORROWER

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

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

(a) The Loan, the Loan Documents, the Indenture, the Regulatory Agreement or the execution or amendment or performance thereof or in connection with the

transactions contemplated therein, including the issuance, sale and/or resale of the Bond.

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

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

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

(e) Any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof.

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

(g) Any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof.

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

REPRESENTATIONS, WARRANTIES AND COVENANTS OF BORROWER

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

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

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

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

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

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

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

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

(e) in order to satisfy the requirements set forth in subpart (4) of the definition of “program investment” that appears in Section 1.148-1(b) of the Treasury Regulations (which requirements must be met in order for the Loan to qualify as a program investment within the meaning of that section), neither the Borrower nor any related person will purchase the Bond in an amount related to the amount of the Loan;

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

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

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

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

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

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

(l) no portion of the proceeds of the Loan shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for

gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Loan shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project; and

(m) no proceeds of the Bond will be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property was pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if construction expenditures (as defined in the Code) with respect to such building equal or exceed 15% of the portion of the cost of acquiring such building (and equipment) financed with proceeds of the Bond; and provided, further, that this limitation shall not apply with respect to any structure other than a building if construction expenditures with respect to such structure equal or exceed one hundred percent (100%) of the portion of the cost of acquiring such structure financed with the proceeds of the Bond.

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

ARTICLE VI

DEFAULT AND REMEDIES

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

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

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

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

Section 6.02. Remedies.

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

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

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

(d) Continuation of Construction, Etc. After the occurrence and during the continuance of any Event of Default, the Bondowner Representative will have the right, in its sole discretion and the Trustee may, upon receipt of written direction of the Bondowner Representative, to enter and take possession of the Property, whether in person, by agent or by court-appointed receiver, and to take any and all actions that the Bondowner Representative in its sole discretion may consider necessary or appropriate to preserve and protect the Property or to complete the rehabilitation of the Project, including making changes in plans, specifications, work or materials and entering into, modifying or terminating any contractual arrangements, all subject to the Bondowner Representative's right at any time to discontinue any work without liability. In addition, with or without taking possession of the Property, the Bondowner Representative will have the right but not the obligation to cure any and all defaults by the Borrower under any of the Other Requirements (as defined in the Construction and Permanent Loan Agreement), the Project contracts or other contracts relating to the Property. If the Bondowner Representative or the Trustee chooses to complete the rehabilitation of the Improvements or to cure any of such defaults, the Bondowner Representative or the Trustee will not assume any liability to the Borrower or any other person or entity for completing the rehabilitation of the Project, or for the manner or quality of their construction, or for curing any such defaults, and the Borrower expressly waives any such liability. If the Bondowner Representative or the Trustee exercises

any of the rights or remedies provided in this subsection, that exercise will not make the Bondowner Representative or the Trustee, or cause the Bondowner Representative or the Trustee to be deemed to be, a partner or joint venturer of the Borrower or a mortgagee in possession. The Bondowner Representative in its sole discretion, or the Trustee at the written direction of the Bondowner Representative, may choose to complete rehabilitation of the Improvements in its own name. All sums expended by the Bondowner Representative or the Trustee in completing rehabilitation of the Improvements or curing the Borrower's defaults will be considered to have been an additional Disbursement to the Borrower bearing interest at the Default Rate and will be secured by the Loan Documents. For these purposes the Bondowner Representative, in its sole discretion, may reallocate any line item or cost category of the budget contained in the Construction and Permanent Loan Agreement, and may make use of any available sources of funds of the Borrower.

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

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

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

ARTICLE VII

PLEDGED ACCOUNTS; RESERVE ACCOUNTS

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

Section 7.02. Reserve Accounts. If the Borrower, as a matter of convenience, deposits or causes to be deposited with the Bondowner Representative the operating and reserve accounts for the Project, or any of them that do not constitute Pledged Accounts, the Bondowner Representative will not have a security interest in any such account unless such a security interest is created by a writing that specifically grants to the Bondowner Representative a

security interest in the account in question as security for the repayment of the Loan. Nothing herein constitutes a waiver by the Bondowner Representative of any right of setoff against any such account.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. No Waiver; Consents. Each consent or waiver by the Bondowner Representative of any of its rights or remedies under this Agreement or the other Loan Documents must be in writing and executed by the Bondowner Representative, and no waiver will be construed as a continuing waiver. No waiver will be implied from the Bondowner Representative's delay in exercising or failure to exercise any right or remedy against the Borrower or any security. Consent by the Bondowner Representative to any act or omission by the Borrower will not be construed as a consent to any other or subsequent act or omission or as a waiver of the requirement for the Bondowner Representative's consent to be obtained in any future or other instance.

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

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

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

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

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

Section 8.07. Actions. The Issuer, the Trustee and the Bondowner Representative will have the right, but not the obligation, to commence, appear in, and defend any action or proceeding that might affect its security or its rights, duties or liabilities relating to the Loan, the Property or any of the Loan Documents. The Borrower will pay promptly on demand all of the

Issuer's, the Trustee's and the Bondowner Representative's reasonable out-of-pocket costs, expenses, and attorneys' fees and all expenses of the Issuer's and the Bondowner Representative's respective counsel incurred in those actions or proceedings.

Section 8.08. Legal and Other Expenses. The Borrower will reimburse the Issuer, the Trustee and the Bondowner Representative within five days after written demand for all costs and expenses reasonably incurred by the Issuer, the Trustee, the Bondowner Representative or any of them in connection with the administration, interpretation, enforcement or performance of the Loan Documents or the Indenture. Without limiting the generality of the foregoing in the event of any Default, or in the event that any dispute arises relating to the interpretation, enforcement or performance of any of the Loan Documents or the Indenture, the Issuer, the Trustee and the Bondowner Representative will be entitled to collect from the Borrower on demand all reasonable fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, accountants, appraisers, environmental inspectors, consultants, expert witnesses, arbitrators, mediators and court reporters. Without limiting the generality of the foregoing, the Borrower will pay all such reasonable costs and expenses incurred in connection with: (a) arbitration or other alternative dispute resolution proceedings, trial court actions and appeals; (b) bankruptcy or other insolvency proceedings of the Borrower or other party liable for any of the obligations of the Borrower under this Agreement or the other Loan Documents or any party having any interest in any security for any of those obligations; (c) judicial or nonjudicial foreclosure on, or appointment of a receiver for, any of the Property; (d) post-judgment collection proceedings; (e) all claims, counterclaims, cross-claims and defenses asserted in any of the foregoing whether or not they arise out of or are related to this Agreement; (f) all preparation for any of the foregoing; and (g) all settlement negotiations with respect to any of the foregoing. Whenever the Borrower is obligated to pay or reimburse the Issuer, the Trustee or the Bondowner Representative for any attorneys' fees, those fees will include the allocated costs, as determined by the Issuer, the Trustee or the Bondowner Representative, as the case may be, for services of in-house counsel.

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

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

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

Section 8.12. Integration and Amendments; Conflicts. The Loan Documents (a) integrate all the terms and conditions mentioned in or incidental to this Agreement, (b) supersede all oral negotiations and prior writings with respect to their subject matter including, but not limited to, any loan commitment by the Bondowner, and (c) are intended by the parties as the final expression of the entire agreement with respect to the Loan and as the complete and exclusive statement of the terms and conditions agreed to by the parties. No representation, understanding, promise or condition will be enforceable against any party unless it is contained in the Loan Documents. If there is any conflict between the terms, conditions and provisions of this Agreement and those of any other agreement or instrument, including any other Loan Document (other than the Regulatory Agreement), the terms,

conditions and provisions of this Agreement will control. This Agreement may not be modified or amended except by a written agreement signed by the parties hereto.

Section 8.13. Binding Effect; Successors and Assigns; Disclosure. This Agreement will become effective only when it has been executed by the Issuer, the Borrower and the Bondowner Representative and thereafter will be binding upon and inure to the benefit of the Issuer, the Borrower and the Bondowner Representative and their respective successors and assigns, except that the Borrower will not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Issuer and the Bondowner Representative, which may be granted or withheld in the Issuer's and the Bondowner Representative's respective sole discretion and otherwise subject to any applicable provisions of Section 12 of the Regulatory Agreement. The Bondowner Representative may sell, assign or grant participations in all or any part of its rights and obligations under this Agreement and the other Loan Documents, but only in accordance with the terms of Section 2.05 of the Indenture. The Bondowner Representative may disclose information about the Loan, the Borrower, Guarantor, the Property and other relevant matters to the Bondowner Representative's Affiliates, potential purchasers of, assignees of, and participants in, the Loan, and to derivative counterparties and rating agencies.

Section 8.14. Captions. All captions or headings to sections, subsections and other divisions of this Agreement and the addenda and exhibits to this Agreement are only for the convenience of the parties and will not be construed to have any effect or meaning with respect to the other content thereof.

Section 8.15. Incorporation. The recitals, exhibits and addenda of and to this Agreement are incorporated herein and all provisions thereof will be deemed to be binding provisions of this Agreement.

Section 8.16. Relationship of Parties; No Fiduciary Duty. The Borrower acknowledges that neither the Issuer nor the Bondowner Representative has any fiduciary relationship with, or fiduciary duty to, the Borrower or any other person or entity arising out of or in connection with this Agreement, the Indenture or any of the other Loan Documents. None of this Agreement, the Indenture or the other Loan Documents create a joint venture among the parties hereto.

Section 8.17. Limitation on the Issuer's Liability. The Issuer shall not be obligated to pay the principal of, premium, if any, or interest on the Bond, except from Revenues. Any obligation or liability of the Issuer created by or arising out of this Agreement or any of the other Loan Documents (including without limitation any liability created by or arising out of the representations, warranties or covenants set forth herein or otherwise) shall not impose a debt or pecuniary liability upon the Issuer or a charge upon its general credit, but shall be payable solely out of Revenues. Neither the issuance of the Bond nor the delivery of this Agreement shall, directly or indirectly or contingently, obligate the Issuer to make any appropriation for payment of the Bond. Nothing in the Bond, this Agreement or any of the other Loan Documents or the proceedings of the Issuer authorizing the Bond or in the Act or in any other related document shall be construed to authorize the Issuer to create a debt of the Issuer within the meaning of any constitutional or statutory provision of the State. No breach of any pledge, obligation or agreement of the Issuer hereunder may impose any pecuniary liability upon the Issuer or any charge upon its general credit.

THE BOND IS A LIMITED, SPECIAL OBLIGATION OF THE ISSUER, PAYABLE SOLELY AND ONLY FROM THE TRUST ESTATE AND ANY OTHER REVENUES, FUNDS AND ASSETS PLEDGED UNDER THE INDENTURE. NONE OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY,

INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BOND OR TO SATISFY ANY OTHER MONETARY OBLIGATIONS OF THE ISSUER UNDER THE INDENTURE OR THE LOAN DOCUMENTS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR ITS PAYMENT. THE REPAYMENT OF THE BOND IS NOT SECURED BY A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE CITY OF SAN DIEGO, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DOES THE BOND CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUER HAS NO TAXING POWER.

No recourse under or upon any obligation, covenant, warranty or agreement contained in the Indenture, this Agreement, any of the other Loan Documents or in the Bond, or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of the Indenture, this Agreement or any of the other Loan Documents, shall be had against the commissioners, officers, attorneys, accountants, employees, agents and consultants of the Issuer, as such, past, present or future of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or any receiver of the Issuer, or for or to the owner of the Bond, or otherwise, of any sum that may be due and unpaid by the Issuer upon the Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of the commissioners, officers, attorneys, accountants, employees, agents and consultants, as such, by reason of any act of omission on his or her part or otherwise, for the payment for or to the owners of the Bond or otherwise of any sum that may remain due and unpaid upon the Bond secured by the Indenture or any of them is, by the acceptance of the Bond, expressly waived and released as a condition of and in consideration for the execution of the Indenture and this Agreement and the issuance of the Bond.

Anything in this Agreement to the contrary notwithstanding, it is expressly understood by the parties to this Agreement that (a) the Issuer may rely exclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, the Borrower, the Bondowner Representative or the Bondholder as to the existence of any fact or state of affairs, (b) the Issuer shall not be under any obligation under the Indenture, this Agreement or any of the other Loan Documents to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or caused to be performed by the Trustee, the Bondowner Representative or by any Bondholder, and (c) none of the provisions of the Indenture, this Agreement, the Regulatory Agreement or any other Loan Document shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under the Indenture, this Agreement, the Regulatory Agreement or any other Loan Document unless it shall first have been adequately indemnified to its satisfaction against any costs, expenses and liability which it may incur as a result of taking such action. It is recognized that notwithstanding any other provision of this Agreement, neither the Borrower nor the Bondholder shall look to the Issuer or any of its commissioners, officers, attorneys, accountants, employees, agents and consultants for damages suffered by the Borrower or the Bondholder as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under this Agreement, the Bond, the Regulatory Agreement, any of the other Loan Documents or any of the other documents referred to herein, or as a result of the incorrectness of any representation made by the Issuer in any of such documents, nor for any other reason except for representations made by the Issuer in any certificate of the Issuer and the opinion of counsel to the Issuer delivered on the Closing Date.

No recourse for the payment of any part of the principal of, premium, if any, or interest on the Bond or for the satisfaction of any liability arising from, founded upon or existing by reason of the issuance, purchase or ownership of the Bond shall be had against the commissioners, officers, attorneys, accountants, employees, agents and consultants of the Issuer, as such, all such liability being expressly released and waived as a condition of and as a part of the consideration for the execution by the Issuer of the Indenture and this Agreement and the issuance of the Bond. No covenant, stipulation, obligation or agreement of the Issuer contained in the Indenture, this Agreement, the Regulatory Agreement or any other Loan Document shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future commissioner, officer, attorney, accountant, employee, agent and consultant of the Issuer in other than that person's official capacity. No commissioner, officer, attorney, accountant, employee, agent or consultant of the Issuer shall be individually or personally liable for the payment of the principal or redemption price of or interest on the Bond or be subject to any personal liability or accountability by reason of the issuance of the Bond.

Section 8.18. Counterparts. This Agreement may be executed in counterparts, each of which will be an original, and all of which together will constitute but one and the same instrument.

Section 8.19. Electronic Transactions. The transactions described in this Agreement may be conducted and the related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

ARTICLE IX

WAIVER OF JURY TRIAL; JUDICIAL REFERENCE

EACH OF THE BORROWER, THE ISSUER AND THE BONDOWNER REPRESENTATIVE (FOR ITSELF AND ITS SUCCESSORS, ASSIGNS AND PARTICIPANTS) HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER BY THE BORROWER, THE ISSUER AND THE BONDOWNER REPRESENTATIVE, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

The Borrower, the Issuer and the Bondowner Representative agree that, in the event any legal proceeding is filed in a court of the State (the "Court") by or against any party hereto in connection with any controversy, dispute or claim directly or indirectly arising out of or relating to this Agreement or the transactions contemplated hereby (whether based on contract, tort or any other theory) (each, a "Claim") and the waiver set forth in the preceding paragraph is not enforceable in such action or proceeding, then the parties shall proceed as set forth below.

With the exception of the matters specified below, any Claim will be determined by a general reference proceeding in accordance with the provisions of California Code of Civil

Procedure Sections 638 through 645.1. The parties intend this general reference agreement to be specifically enforceable in accordance with California Code of Civil Procedure Section 638. Except as otherwise provided in the Indenture or in the Loan Documents, venue for the reference proceeding will be in the state or federal court in the county or district where venue is otherwise appropriate under applicable law.

The following matters shall not be subject to a general reference proceeding: (a) non-judicial foreclosure of any security interests in real or personal property, (b) exercise of self-help remedies (including, without limitation, set-off), (c) appointment of a receiver, and (d) temporary, provisional or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This Agreement does not limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (a) - (d) and any such exercise or opposition does not waive the right of any party to a reference proceeding pursuant to this Agreement.

Upon the written request of the Borrower, the Issuer or the Bondowner Representative, the Borrower, the Issuer and the Bondowner Representative (and, if the Trustee is a party to such proceedings, the Trustee) shall select a single referee, who shall be a retired judge or justice. If the parties do not agree upon a referee within ten days of such written request, then, any party may request the court to appoint a referee pursuant to California Code of Civil Procedure Section 640(b).

All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except when any party so requests, a court reporter will be used and the referee will be provided a courtesy copy of the transcript. The party making such request shall have the obligation to arrange for and pay costs of the court reporter, provided that such costs, along with the referee's fees, shall ultimately be borne by the party who does not prevail, as determined by the referee; provided, however, that if the Trustee is a party to such proceeding and it is not the prevailing party, such legal fees and costs shall be recoverable only to the extent that the Trustee is allowed to pay such fees and costs from accounts it is holding pursuant to the Indenture, or other amounts available to it pursuant to the Indenture (except to the extent that such Claim has arisen from the Trustee's negligence or willful misconduct).

The referee may require one or more prehearing conferences. The Borrower, the Issuer and the Bondowner Representative shall be entitled to discovery, and the referee shall oversee discovery in accordance with the rules of discovery, and may enforce all discovery orders in the same manner as any trial court judge in proceedings at law in the State. The referee shall apply the rules of evidence applicable to proceedings at law in the State and shall determine all issues in accordance with applicable state and federal law. The referee shall be empowered to enter equitable as well as legal relief and rule on any motion which would be authorized in a trial, including, without limitation, motions for default judgment or summary judgment. The referee shall report his decision, which report shall also include findings of fact and conclusions of law.

The Borrower, the Issuer and the Bondowner Representative recognize and agree that all claims resolved in a general reference proceeding pursuant hereto will be decided by a referee and not by a jury.

In the event of any inconsistency between the provisions of this article and any other provision of the other Loan Documents, this Article will control.

ARTICLE X

WAIVER OF SPECIAL DAMAGES

TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER SHALL NOT ASSERT, AND HEREBY WAIVES, ANY CLAIM AGAINST THE BONDOWNER REPRESENTATIVE, THE ISSUER OR EITHER OF THEM ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF, THIS AGREEMENT, THE OTHER LOAN DOCUMENTS OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY OR THEREBY, THE TRANSACTIONS, THE LOAN OR THE USE OF THE PROCEEDS THEREOF.

ARTICLE XI

USA PATRIOT ACT NOTIFICATION

The Bondowner Representative hereby notifies the Borrower that pursuant to the requirements of Section 326 of the USA Patriot Act of 2001 31 U.S.C. Section 5318 (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Borrower Representative to identify the Borrower in accordance with the Patriot Act.

ISSUER:

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO, as Issuer

By: _____
Colin Miller,
Senior Vice President Housing
Finance & Property Management

19048.58;J19247

[Issuer Signature page for Casa Nueva Loan Agreement]

BORROWER:

CASA NUEVA II LP,
a California limited partnership

By: Casa Nueva II LLC,
a California limited liability company,
its general partner

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

By: _____
Theodore T. Miyahara,
President & CEO

Address for Borrower:

Casa Nueva II LP
c/o San Diego Community Housing Corporation
6160 Mission Gorge Road, Suite 204
San Diego, CA 92120-3411
Attention: Ted T. Miyahara, President & CEO

19048.58:J19247

[Borrower Signature page for Casa Nueva Loan Agreement]

BONDOWNER REPRESENTATIVE:

JPMORGAN CHASE BANK, N.A.,
a California banking corporation

By: _____
Eri Kameyama,
Authorized Officer

19048.58;J19247

[Bondowner Representative Signature page for Casa Nueva Loan Agreement]

EXHIBIT A

LEGAL DESCRIPTION

All that certain real property situated in the City of San Diego, County of San Diego, State of California, described as follows:

PARCEL 1:

LOTS 7, 8, AND 9 IN BLOCK 34 OF SHERMAN'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP NO. 856, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 18, 1899.

PARCEL 2:

LOT 10 IN BLOCK 34 OF SHERMAN'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP NO. 856, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 18, 1899.

PARCEL 3:

LOT 11 OF BLOCK 34 OF SHERMAN'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP NO. 856, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 18, 1899.

PARCEL 4:

THE WESTERLY 50 FEET OF LOT 12 IN BLOCK 34 OF SHERMAN'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP NO. 856, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 18, 1899.

PARCEL 5:

LOT 12, BLOCK 34 OF SHERMAN'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP NO. 856, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 18, 1899. EXCEPTING THEREFROM THE WESTERLY 50 FEET.

APN: 535-394-16-00

EXHIBIT B

ACCOUNTS

1. Required Pledged Accounts. The Borrower will maintain each of the following deposit accounts (the “Pledged Accounts”) with the Bondowner Representative until the date that all funds therein have been released therefrom and no provisions exist for further deposits thereto.

(a) Borrower’s Funds Account. An account (the “the Borrower’s Funds Account”) into which the Borrower’s funds are to be deposited as required by the Bondowner Representative pursuant to the terms of the Construction and Permanent Loan Agreement in order to maintain the Loan In Balance as provided in the Construction and Permanent Loan Agreement. The Borrower’s Funds Account will be established only if and when needed.

(b) Tax Credit Equity Account. An account (the “Tax Credit Equity Account”) into which deposits of equity contributions by Investor Limited Partner are to be deposited as provided in the Construction and Permanent Loan Agreement.

2. Interest on Accounts. The Pledged Accounts will bear interest at a rate or rates applicable to the type of account used therefor as generally offered to the public by the Bondowner Representative, except that the Borrower’s Funds Account will not bear interest.

3. Release of Funds From Accounts. The Bondowner Representative will permit funds to be released from the Pledged Accounts as follows, provided that after the occurrence and during the continuance of an Event of Default, the Bondowner Representative may apply any or all funds in the Pledged Accounts to repayment of amounts owing to the Issuer under the Note and amounts owing to the Bondowner Representative under the Loan Documents:

(a) Borrower’s Funds Account. The Bondowner Representative will make Disbursements from the Borrower’s Funds Account to pay Hard Costs and Soft Costs in accordance with the budget contained, and as such terms are defined, in the Construction and Permanent Loan Agreement.

(b) Tax Credit Equity Account. The Bondowner Representative will release funds from the Tax Credit Equity Account as provided in the Collateral Assignment of Rights to Tax Credits and Partnership Interests, dated as of January 1, 2024, by the Borrower and Casa Nueva II LLC, in favor of the Bondowner Representative.

January __, 2024

Housing Authority of the City of San Diego
1122 Broadway, Suite 300
San Diego, California 92101

OPINION: \$12,968,761 Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Casa Nueva), Series 2024B

Members of the Authority:

We have acted as bond counsel to the Housing Authority of the City of San Diego (the "Authority") in connection with the issuance by the Authority of its \$12,968,761 Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Casa Nueva), Series 2024B (the "Bond"), pursuant to Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code, Resolution No. HA-____, adopted by the Board of Commissioners of the Authority on December 12, 2023, and an Indenture of Trust, dated as of January 1, 2024 (the "Indenture"), among the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), and JP Morgan Chase Bank, N.A., as Bondowner Representative (the "Bondowner Representative"). The Bond has been issued by the Authority to provide funds for the Authority to make a loan to Casa Nueva II LP, a California limited partnership (the "Borrower"), pursuant to a Loan Agreement, dated as of January 1, 2024 (the "Loan Agreement"), among the Bondowner Representative, the Authority and the Borrower, to finance a portion of the costs of the acquisition and rehabilitation by the Borrower of multifamily rental housing facilities located in the City of San Diego, California.

In connection with this opinion, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Indenture and the Loan Agreement, and in the certified proceedings and certifications of public officials and of the Borrower furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing we are of the opinion, under existing law, as follows:

1. The Authority is a public body, corporate and politic, duly created and validly existing under the laws of the State of California, with the power to enter into the Indenture and the Loan Agreement, perform the agreements on its part contained in the Indenture and the Loan Agreement, and issue the Bond.

2. The Indenture and the Loan Agreement have been duly approved and have been executed and delivered by the Authority and, assuming the due execution and delivery thereof by the other respective parties thereto, constitute valid and binding obligations of the Authority enforceable upon the Authority in accordance with their respective terms.

3. The Bond has been duly authorized, executed and delivered by the Authority and is a valid and binding limited obligation of the Authority, payable solely from the sources provided therefor in the Indenture.

4. Subject to compliance by the Authority and the Borrower with certain covenants, interest on the Bond (a) is excludable from gross income of the owner thereof for federal income tax purposes, except for interest on the Bond for any period during which the Bond is owned by a person who is a substantial user of the facilities financed by the Bond or any person considered to be related to such a person (within the meaning of section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code")), and (b) is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Code. For tax years beginning after December 31, 2022, interest on the Bond may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the Bond to be includable in gross income for the federal income tax purposes retroactively to the date of issuance of the Bond.

6. The interest on the Bond is exempt from personal income taxation imposed by the State of California.

Ownership of the Bond may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bond.

The rights of the Trustee and the Bondowner Representative under, and the enforceability of, the Bond, the Indenture and the Loan Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with general principals of equity.

In rendering this opinion, we have relied upon certifications of the Authority, the Borrower and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:**

Quint & Thimmig LLP
900 Larkspur Landing Circle, Suite 270
Larkspur, CA 94939-1726
Attention: Paul J. Thimmig, Esq.

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

by and between the

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

and

**CASA NUEVA II LP,
a California limited partnership**

Dated as of January 1, 2024

relating to:
\$12,968,761
**Housing Authority of the City of San Diego
Multifamily Housing Revenue Bond
(Casa Nueva),
Series 2024B**

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REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (as supplemented and amended from time to time, this “Regulatory Agreement”), dated as of January 1, 2024, is by and between the HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a public body, corporate and politic, duly organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the “Issuer”), and CASA NUEVA II LP, a limited partnership duly organized, validly existing and in good standing under the laws of the State of California (together with any successor to its rights, duties and obligations hereunder and as owner of the Project identified herein, the “Borrower”).

R E C I T A L S :

WHEREAS, the Legislature of the State of California enacted Chapter 1 of Part 2 of Division 24 (commencing with Section 34200) of the Health and Safety Code (the “Act”) to authorize housing authorities to, among other actions, issue revenue bonds to finance the acquisition and rehabilitation of multifamily rental housing for families and individuals of low income; and

WHEREAS, the Issuer is a public body (within the meaning of that term in the Regulations of the Department of Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”)); and

WHEREAS, on April 6, 2023, the Board of Commissioners of the Issuer adopted Resolution No. HC-1982 (the “Inducement Resolution”) authorizing the issuance of revenue bonds under the Act in connection with the financing of a portion of the costs of the acquisition and rehabilitation by the Borrower of 52 units of multifamily rental housing located at 350 17th Street in the City of San Diego, California (referred to in this Regulatory Agreement as the “Project”) identified as Casa Nueva; and

WHEREAS, in furtherance of the purpose of the Act and the Inducement Resolution and as a part of the Issuer’s plan of financing residential housing, the Issuer has issued its revenue bond designated “Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Casa Nueva), Series 2024B” in the principal amount of \$12,968,761 (the “Bond”), pursuant to the terms of an Indenture of Trust, dated as of January 1, 2024 (the “Indenture”), among the Issuer, JPMorgan Chase Bank, N.A., as bondowner representative (the “Bondowner Representative”), and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), the proceeds of which Bond were used by the Issuer to make a loan to the Borrower (the “Loan”) pursuant to the terms of a Loan Agreement, dated as of January 1, 2024 (the “Loan Agreement”), among the Issuer, the Bondowner Representative and the Borrower; and

WHEREAS, the Issuer hereby certifies that all things necessary to make the Bond, when issued as provided in the Indenture, the valid, binding and limited obligation of the Issuer 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 Bond, have been done and performed, and the creation, execution and delivery of the Indenture and the execution and issuance of the Bond, subject to the terms thereof, in all respects have been duly authorized; 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 rehabilitated, used and operated in accordance with the Code and the Act, the Issuer and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the rehabilitation and operation of the Project.

A G R E E M E N T :

NOW, THEREFORE, in consideration of the issuance of the Bond by the Issuer and the mutual covenants and undertakings set forth herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Issuer and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. Unless the context otherwise requires, the capitalized terms used herein shall have the respective meanings assigned to them in the recitals hereto, in this Section 1, or in Section 1.01 of the Indenture.

“Administrator” means the San Diego Housing Commission, or its designee, or any successor Administrator appointed by the Issuer to administer this Regulatory Agreement.

“Affiliated Party” means (a) a person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (b) 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), (c) 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, and (d) 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 Metropolitan Statistical Area or County, as applicable, in which the Project is located, as defined by the United States Department of Housing and Urban Development.

“Available Units” means residential units in the Project that are actually occupied and residential units in the Project that are vacant and have been occupied at least once after becoming available for occupancy, provided that (a) a residential unit that is vacant on the later of (i) the date the Project is acquired or (ii) the issue date of the Bond is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after the renovations are completed.

“CDLAC” means the California Debt Limit Allocation Committee or its successors.

“CDLAC Conditions” has the meaning given such term in Section 29(a).

“CDLAC Resolution” means CDLAC Resolution No. 23-185, a copy of which is attached hereto as Exhibit E, adopted by CDLAC on August 23, 2023, as such Resolution may be modified or amended from time to time.

“Certificate of Continuing Program Compliance” means the Certificate to be filed by the Borrower with the Issuer pursuant to Section 4(f) hereof, which shall be substantially in the form attached as Exhibit C hereto or in such other comparable form as may be provided by the Issuer to the Borrower, or as otherwise approved by the Issuer.

“City” means the San Diego, California.

“Closing Date” means the date of the initial funding by the Bondowner of a portion of the purchase price of the Bond under the Indenture.

“Completion Certificate” means the certificate of completion of the acquisition and rehabilitation of the Project required to be delivered to the Issuer by the Borrower pursuant to Section 2(i) of this Regulatory Agreement, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit D.

“Completion Date” means the date of completion of the acquisition and rehabilitation of the Project, as that date shall be certified as provided in Section 2(i) of this Regulatory Agreement.

“Compliance Period” means the period beginning on the first day of the Qualified Project Period and ending on the later of the end of the Qualified Project Period or such later date as set forth in Section 29(c) of this Regulatory Agreement.

“County” means the County of San Diego, California.

“Gross Income” means the gross income of a person (together with the gross income of all persons who intend to reside with such person in one residential unit) as calculated in the manner prescribed in under section 8 of the Housing Act.

“Housing Act” means the United States Housing Act of 1937, as amended, or its successor.

“Income Certification” means an Income Certification in the form attached as Exhibit B hereto or in such other comparable form as may be provided by the Issuer or the Administrator to the Borrower, or as otherwise approved by the Issuer.

“Indenture” means the Indenture, as such capitalized term is defined in the Recitals to this Regulatory Agreement.

“Inducement Date” means April 6, 2023, being the date on which the Board of Commissioners of the Issuer adopted Resolution No. HC-1982, first expressing its intent to issue the Bond to provide financing for the Project.

“Loan Agreement” means the Loan Agreement, as such capitalized term is defined in the Recitals to this Regulatory Agreement.

“Low Income Tenant” means a tenant occupying a Low Income Unit.

“Low Income Unit” means any Available Unit if the aggregate Gross Income of all tenants therein does not exceed limits determined in a manner consistent with determinations of “low-income families” under Section 8 of the Housing Act, provided that the percentage of median gross income that qualifies as low income hereunder shall be sixty percent (60%) of median gross income for the Area, with adjustments for family size. A unit occupied by one or more students shall only constitute a Low Income Unit if such students meet the requirements of Section 142(d)(2)(C) of the Code. The determination of an Available Unit’s status as a Low Income Unit

shall be made by the Borrower upon commencement of each lease term with respect to such unit, and annually thereafter, on the basis of an Income Certification executed by each tenant.

“Manager” means a property manager meeting the requirements of Section 28 hereof. Solari Enterprises, Inc. is the initial Manager.

“Project” means the 52-unit multifamily rental housing development located in the City on the real property site described in Exhibit A hereto, consisting of those facilities, including a fee interest in the real property, structures, buildings, fixtures or equipment situated thereon, as it may at any time exist, the acquisition and rehabilitation of which facilities is to be financed, in whole or in part, from the proceeds of the Bond or the proceeds of any payment by the Borrower pursuant to the Loan Agreement, and any real property, structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of the facilities.

“Project” has the meaning given to such term in the Recitals to this Regulatory Agreement.

“Project Costs” means, to the extent authorized by the Act, any and all costs and expenses incurred by the Borrower with respect to the acquisition, financing, rehabilitation and/or operation of the Project, whether paid or incurred prior to or after the Closing Date, including, without limitation, costs for the acquisition of property, the cost of consultant, accounting and legal services, appraisal costs, other expenses necessary or incident to the acquisition and rehabilitation of the Project, and administrative expenses, and interest on the Loan.

“Qualified Project Costs” means Project Costs that meet each of the following requirements: (i) the costs are properly chargeable to 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 United States Treasury Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during the rehabilitation of the Project shall be eligible to be a Qualified Project Cost as is so capitalizable and 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 rehabilitation of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being rehabilitated by an Affiliated Party (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliated Party in rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliated Party, and (C) any overhead expenses incurred by the Affiliated Party which 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 of the Project or payments received by such Affiliated Party due to early completion of the rehabilitation of the Project; (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 Closing Date, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Bond or the Loan, such costs were (A) costs of issuance of the Bond, (B) preliminary capital expenditures (within the meaning of United States Treasury Regulations §1.139-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of the rehabilitation of the Project that do not exceed twenty percent (20%) of the issue price of the Bond (as defined in United States Treasury Regulations §1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid

or the date the Project are placed in service (but no later than three (3) years after the expenditure is paid).

“Qualified Project Period” means the period beginning on the Closing Date, and ending on the later of the following: (a) the date that is fifteen (15) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied following the Completion Date; (b) the first date on which no Tax-Exempt private activity bond with respect to the Project is outstanding; or (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates; provided, however, that if at least 10% of the residential units in the Project was Available Units at all times within 60 days after the later of (1) the date the Project was acquired by the Borrower, or (2) the issue date of the Bond, then the Qualified Project Period shall begin on the date one year after the issue date of the Bond and end on the later of (A) the date that is fifteen (15) years after such date or (B) the later of the dates specified in the foregoing clauses (a), (b) and (c) above.

“Regulations” means the Income Tax Regulations of the Department of the Treasury applicable under the Code from time to time.

“Regulatory Agreement” means this Regulatory Agreement and Declaration of Restrictive Covenants, as it may be supplemented and amended from time to time.

“Rental Payments” means the rental payments paid by the occupant of a unit, excluding any supplemental rental assistance to the occupant from the State, the federal government, or any other public agency, but including any mandatory fees or charges imposed on the occupant by the Borrower as a condition of occupancy of the unit.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Bond, that such interest is excluded from gross income of the owner of the respective obligations 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.

“Transfer” means the conveyance, assignment, sale or other disposition of all or any portion of the Project other than in connection with the leasing of individual residential rental units in the ordinary course of business; and shall also include, without limitation to the foregoing, the following: (a) an installment sales agreement wherein Borrower agrees to sell the Project or any part thereof for a price to be paid in installments; and (b) an agreement by the Borrower leasing all or a substantial part of the Project to one or more persons or entities pursuant to a single or related transactions.

“Very Low Income Units” means Available Units designated for occupancy by very low income households pursuant to Section 6(c), and by persons or families whose income is at or below 50% of “Area Median Income” as such term is used and as otherwise required by Section 15 b. of Exhibit A to the CDLAC Resolution.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of any 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 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.

The parties to this Regulatory Agreement acknowledge that each party and their respective counsel have participated in the drafting and revision of this Regulatory Agreement. Accordingly, the parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Regulatory Agreement or any supplement or exhibit hereto.

Section 2. Representations, Covenants and Warranties of the Borrower.

(a) The statements made in the various certificates delivered by the Borrower to the Issuer or the Trustee on the Closing Date are true and correct.

(b) 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 of the Loan to be applied in a manner contrary to the requirements of the Loan Agreement and this Regulatory Agreement.

(c) The Borrower will not 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 of the interest on the Bond, or the exemption from California personal income taxation of the interest on the Bond 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.

(d) The Borrower will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, to comply fully with the Act, the Code 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 to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Bond.

(e) The acquisition by the Borrower of a fee interest in the site on which the Project is located and the commencement of the rehabilitation of the Project occurred after the date which was 60 days prior to the Inducement Date. The Borrower has incurred a substantial binding obligation to expend proceeds of the Loan pursuant to which the Borrower is obligated to expend at least five percent (5%) of the maximum principal amount of the Loan.

(f) The Borrower will proceed with due diligence to complete the rehabilitation of the Project and the full expenditure of the proceeds of the Loan. The Borrower reasonably expects to complete the acquisition and rehabilitation of the Project and to expend the full \$12,968,761 principal amount of the Loan by July 1, 2025.

(g) The Borrower's reasonable expectations respecting the total expenditure of the proceeds of the Loan have been accurately set forth in certificates of the Borrower delivered to the Issuer on the Closing Date. At all times, the aggregate disbursements of the proceeds of the Loan will have been applied to pay or to reimburse the Borrower for the payment of Qualified Project Costs in an amount equal to ninety-seven percent (97%) or more of such disbursements,

and less than twenty-five percent (25%) of such disbursements shall have been used to pay for the acquisition of land or an interest therein.

(h) Notwithstanding the provisions of Section 5.03(c) of the Loan Agreement, and in addition thereto, the Borrower agrees to obtain a written report from an independent firm with experience in calculating excess investment earnings for purposes of Section 148(f) of the Code, not less than once on or about each five year anniversary of the Closing Date and within thirty (30) days of the date the Bond has been paid in full, determining that either (i) no excess investment earnings subject to rebate to the federal government under Section 148(f) of the Code have arisen with respect to the Bond in the prior five-year period (or, with respect to the final such report following the repayment of the Bond, have arisen since the last five-year report); or (ii) excess investment earnings have so arisen with respect to the Bond during the prior five-year period (or, with respect to the final such report following the repayment of the Bond, have arisen since the last five-year report), and specifying the amount thereof that needs to be rebated to the federal government and the date by which such amount needs to be so rebated. The Borrower shall provide a copy of each report prepared in accordance with the preceding sentence to the Issuer and the Trustee, each time within one week of its receipt of the same from the independent firm that prepared the respective report. The Borrower agrees to remit any amount to be rebated pursuant to this paragraph (h), to the Trustee, for deposit by the Trustee to the Rebate Fund established pursuant to Section 6.07 of the Indenture, to be disposed of as provided therein.

(i) As soon as practicable after the Completion Date, the Borrower shall deliver to the Issuer and the Trustee a duly executed Completion Certificate. Only one Completion Certificate shall be prepared and filed with respect to this requirement and Section 2(i) of the Other Regulatory Agreement.

(j) The Borrower acknowledges that the Issuer has appointed the Administrator to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. The Borrower shall comply with any reasonable request by the Issuer or the Administrator to deliver to any such Administrator, in addition to or instead of the Issuer, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the Administrator as an agent of the Issuer.

(k) The Borrower agrees to expend towards the rehabilitation of the Project (such expenditures to constitute "rehabilitation expenditures" as defined in Section 147(d) of the Code), within two (2) years of the Closing Date, an amount at least equal to fifteen percent (15%) of the proceeds of the Loan used to acquire the buildings (and equipment) comprising the Project.

(l) Money on deposit in any fund or account in connection with the Bond or the Loan, whether or not such money was derived from other sources, shall not be used by or under the direction of the Borrower, in a manner which would cause the Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code, and the Borrower specifically agrees that the investment of money in any such fund shall be restricted as may be necessary to prevent the Bond from being an "arbitrage bond" under the Code.

(m) All of the proceeds of the Bond and the Loan and earnings from the investment of such proceeds will be used to pay Project Costs; and no more than two percent (2%) of the proceeds of the Bond will be used to pay issuance costs of the Bond, within the meaning of Section 147(g) of the Code.

(n) No portion of the proceeds of the Loan shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the

principal business of which is the sale of alcoholic beverages for consumption off premises. No portion of the proceeds of the Loan shall be used for an office unless the office is located on the premises of the facilities constituting the Project and unless not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

(o) In accordance with Section 147(b) of the Code, the average maturity of the Bond does not exceed 120% of the average reasonably expected remaining economic life of the facilities being financed by the Loan.

(p) The Borrower shall comply with all applicable requirements of Section 65863.10 of the California Government Code pertaining to the Project, including the requirements for providing notices in Sections (b), (c), (d) and (e) thereof, and with all applicable requirements of Section 65863.11 of the California Government Code pertaining to the Project.

(q) The Borrower shall pay all of the Costs of Issuance.

(r) The Borrower hereby incorporates herein, as if set forth in full herein, each of the representations, covenants and warranties of the Borrower contained in the Tax Certificate and the Loan Agreement relating to the Project.

(s) The Borrower hereby represents and warrants that the Project is located entirely within the City.

(t) The Borrower agrees to comply with the provisions of Section 5.03 of the Loan Agreement, as in effect on the Closing Date.

(u) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions contemplated by this Regulatory Agreement; that it is familiar with the provisions of all of the documents related to the Loan to which it is a party or of which it is a beneficiary; that it understands the financial and legal risks inherent in such transactions; and that it has not relied on the Issuer for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Issuer in any manner except to issue the Bond in order to provide funds to assist the Borrower in acquiring and rehabilitating the Project.

Section 3. Qualified Residential Rental Project. The Borrower hereby acknowledges and agrees that the Project is to be owned, managed and operated as a "residential rental project" (within the meaning of Section 142(d) of the Code) for a term equal to the Compliance Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project will be operated for the purpose of providing multifamily residential rental property. The Borrower will 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 Section 142(d) of the Code, Section 1.103-8(b) of the Regulations and the provisions of 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 (except for not more than one unit set aside for resident managers or other administrative use) will be similarly constructed

units, and 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.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis or rented for a period of less than 30 consecutive days, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park; provided that the use of certain units for tenant guests on an intermittent basis shall not be considered transient use for purposes of this Regulatory Agreement.

(d) No part of the Project will at any time during the Compliance Period be owned by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or use, and the Borrower will not take any steps in connection with a conversion of the Project to condominium ownership during the Compliance Period (except that the Borrower may obtain final map approval and the Final Subdivision Public Report from the California Department of Real Estate and may file a condominium plan with the City).

(e) All of the Available Units in the Project will be available for rental during the period beginning on the first day of the Qualified Project Period and ending on the termination of the Compliance Period on a continuous, "first-come, first-served" basis to members of the general public, and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except (i) not more than one unit may be set aside for resident managers or other administrative use, or (ii) to the extent that dwelling units are required to be leased or rented in such a manner that they constitute Low Income Units, Very Low Income Units or otherwise as necessary to comply with Section 6(a), (b) and (c), (iii) to the extent required by the provisions of any documents related to the provision of State or federal low income housing tax credits for the Project, and (iv) as may be required in connection with the Agreement Affecting Real Property (Including Rental Restrictions), entered into as of July 7, 1993, between the Redevelopment Agency of the City of San Diego and Hacienda Townhomes, Ltd., recorded on July 8, 1993 as document no. 1993-0438163 in the San Diego County Recorder's Office, as executed by the parties thereto and as amended in accordance with the Agreement to Amend Provisions of Agreement Affecting Real Property, made as of May 18, 2021, by the City and Hacienda Townhomes, Ltd., and by the Second Amendment to Agreement Affecting Real Property, by the City and the Borrower.

(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 facilities of the Project 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) The Borrower shall not discriminate on the basis of race, creed, color, sex, source of income (e.g. TANF, SSI), physical disability, age, 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.

(h) No dwelling unit in the Project shall be occupied by the Borrower. Notwithstanding the foregoing, if the Project contains five or more dwelling units, this paragraph shall not be construed to prohibit occupancy of dwelling units by one or more

resident managers or maintenance personnel any of whom may be the Borrower; provided that the number of such managers or maintenance personnel is not unreasonable given industry standards in the area for the number of dwelling units in the Project.

(i) The Borrower will not sell dwelling units within the Project.

(j) 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 which prevents the Issuer from enforcing the requirements of the Code and the Regulations as applicable to the Project, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the applicable Regulations, it will either prepay the portion of the Loan allocable to the Project or, if permitted under the provisions of the Loan Agreement, the Construction and Permanent Loan Agreement and the Deed of Trust, apply any proceeds received as a result of any of the preceding events to construct a project to meet the requirements of Section 142(d) of the Code and the applicable Regulations.

(k) During the Qualified Project Period, the Borrower shall submit a completed Internal Revenue Code Form 8703 or such other annual certification as required by the Code with respect to the Project to the Secretary of the Treasury on or before March 31 of each year (or such other date as may be required by the Code).

The Issuer hereby elects to have the Project meet the requirements of Section 142(d)(1)(B) of the Code.

Section 4. Low Income Tenants; Reporting Requirements. Pursuant to the requirements of the Code, the Borrower hereby represents, warrants and covenants as follows:

(a) During the Compliance Period, no less than forty percent (40%) of the total number of completed units in the Project shall at all times be Low Income Units. For the purposes of this paragraph (a), a vacant unit that was most recently a Low Income Unit is treated as a Low Income Unit until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined.

Notwithstanding the foregoing provisions of this Section 4(a), the Borrower shall not be in default under such requirements so long as (i) the Borrower uses its best efforts to comply with such requirements as soon as practicable following the Closing Date, and (ii) any unit which becomes available for rental following the Closing Date becomes a Low Income Unit as necessary to satisfy the requirements of Section 4(a). In no event, however, shall the Borrower fail to comply with the foregoing provisions of this Section 4(a) of this Regulatory Agreement by January 1, 2025.

(b) No tenant qualifying as a Low Income Tenant upon initial occupancy shall be denied continued occupancy of a unit in the Project because, after admission, the aggregate Gross Income of all tenants in the unit occupied by such Low Income Tenant increases to exceed the qualifying limit for a Low Income Unit. However, should the aggregate Gross Income of tenants in a Low Income Unit, as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for a Low Income Unit occupied by the same number of tenants, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) Low Income Tenant(s). The unit occupied by such tenants

whose aggregate Gross Income exceeds such applicable income limit shall continue to be treated as a Low Income Unit for purposes of the 40% requirement of Section 4(a) hereof unless and until an Available Unit of comparable or smaller size is rented to persons other than Low Income Tenants.

(c) For the Compliance Period, the Borrower will obtain, complete and maintain on file Income Certifications for each Low Income Tenant, including (i) an Income Certification dated immediately prior to the initial occupancy of such Low Income Tenant in the unit and a second Income Certification dated one year after the Low-Income Tenant's initial move-in date, and (ii) thereafter, an annual Income Certification with respect to each Low Income Tenant. In lieu of obtaining the annual Income Certifications required by clause (ii) of the preceding sentence, the Borrower may, with respect to any particular twelve-month period ending each February 1, deliver to the Administrator no later than fifteen days after such date a certification that as of each February 1, no residential unit in the Project was occupied within the preceding twelve months by a new resident whose income exceeded the limit applicable to Low Income Tenants upon admission to the Project. The Administrator may at any time and in its sole and absolute discretion notify the Borrower in writing that it will no longer accept certifications of the Borrower made pursuant to the preceding sentence and that the Borrower will thereafter be required to obtain annual Income Certifications for tenants. The Borrower will also provide such additional information as may be required in the future by the Code, the State or the Issuer, 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, Regulations 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 Tax-Exempt obligations. Upon request of the Administrator or the Issuer, copies of Income Certifications for Low Income Tenants commencing or continuing occupation of a Low Income Unit shall be submitted to the Administrator or the Issuer, as requested.

(d) The Borrower shall make a good faith effort to verify that the income information provided by an applicant in an Income Certification is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain pay stubs for the three most recent pay periods, (2) obtain an income tax return for the most recent tax year, (3) obtain a credit report or conduct a similar type credit search, (4) obtain an income verification from the applicant's current employer, (5) obtain an income verification from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies, or (6) if the applicant is unemployed and does not have an income tax return, obtain another form of independent verification reasonably acceptable to the Administrator.

(e) The Borrower will maintain complete and accurate records pertaining to the Low Income Units, and will permit any duly authorized representative of the Administrator, the Issuer, the Trustee, the Department of the Treasury or the 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 during normal business hours.

(f) The Borrower will prepare and submit to the Administrator, on behalf of the Issuer, not less than semi-annually, commencing not less than six months after the Closing Date, a Certificate of Continuing Program Compliance executed by the Borrower in substantially the form attached hereto as Exhibit C. During the Compliance Period, the Borrower shall submit a completed Internal Revenue Code Form 8703 or such other annual certification as required by the Code with respect to the Project, to the Secretary of

the Treasury on or before March 31 of each year (or such other date as may be required by the Code).

(g) For the Compliance Period, all tenant leases or rental agreements shall be subordinate to this Regulatory Agreement. All leases pertaining to Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Low Income Unit: (i) certifies the accuracy of the statements made by such tenant in the Income Certification; (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Borrower, the Issuer or the Administrator on behalf of the Issuer, and that the failure to provide accurate information in the Income Certification or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant; (iii) acknowledges that the Borrower has relied on the statements made by such tenant in the Income Certification and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of a Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement; and (iv) agrees that the tenant's income is subject to annual certification in accordance with Section 4(c) and that if upon any such certification the aggregate Gross Income of tenants in such unit exceeds the applicable income limit under Section 4(b), the unit occupied by such tenant may cease to qualify as a Low Income Unit and such unit's rent may be subject to increase.

For purposes of this Section 4, no unit occupied by a residential manager shall be treated as a rental unit during the time of such occupation.

Section 5. Tax-Exempt Status of the Bond. The Borrower and the Issuer, as applicable, each hereby represents, warrants and agrees as follows:

(a) The Borrower and the Issuer 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 Tax-Exempt nature of the interest on the Bond and, if either of them 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) The Borrower and the Issuer will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer (with a copy to the Borrower), in order to insure 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.

Section 6. Requirements of the Act. In addition to the other requirements set forth herein, the Borrower hereby agrees that it shall comply with each of the requirements of the Act, including the following:

(a) Not less than 20% of the total number of units in the Project shall be available for occupancy on a priority basis by persons of low income as required by subsection (c)(1)(A) of Section 34312.3 of the Act. If a unit in the Project is rented to a person of low income or a very low income household as necessary to satisfy this Section 6(a), it may be

counted towards the requirements of Section 4(a) if it otherwise satisfies the requirements of Section 4(a).

(b) The rental payments made by the persons of low income occupying units pursuant to Section 6(a) shall not exceed 30% of an amount equal to 60% of the Area median gross income, adjusted for family size as determined pursuant to Section 8 of the Housing Act, less a reasonable deduction (as determined by the Administrator) for utilities so long as utilities (gas, electric, water and sewer, trash removal) are paid by the tenant.

(c) As required by Section 34312.3(c)(2)(A) of the Act, not less than one-half of twenty percent (20%) of the units in the Project shall be occupied by, or made available to, very low income households as defined in Section 50105 of the California Health and Safety Code. The rental payments made by the very low income households occupying units pursuant to this Section 6(c) shall not exceed 30% of an amount equal to 50% of the area median gross Income, adjusted for family size as determined pursuant to Section 8 of the Housing Act, less a reasonable deduction (as determined by the Administrator) for utilities so long as utilities (gas, electric, water and sewer, trash removal) are paid by the tenant. For units reserved for very low income households as required by this Section 6(c), the base rents shall be adjusted for household size, and in making such adjustments it shall be assumed that one person will occupy a studio unit, two persons will occupy a one-bedroom unit, three persons will occupy a two-bedroom unit, four persons will occupy a three-bedroom unit, and five persons will occupy a four-bedroom unit, except as may otherwise permitted by Section 34312(c)(2)(B) of the Act.

(d) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, persons of low income and very low income households who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act. The Borrower shall not permit any selection criteria to be applied to Section 8 certificate or voucher holders that is more burdensome than the criteria applied to all other prospective tenants.

(e) No tenant residing in a unit reserved for persons of low income or very low income households under Sections 6(a) and (c) shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Gross Income increases to exceed the qualifying limit for persons of low income or very low income households, as applicable. However, should the Gross Income of a tenant residing in a unit reserved for persons of low income or very low income households under Section 6(a) or (c), as applicable, increase to exceed the applicable qualifying limit, the next available unit in the Project must be rented to (or held vacant and available for immediate occupancy by) persons of low income or very low income households, as applicable. Until such next available unit is rented to a qualified tenant, the former persons of low income or very low income household that has ceased to qualify as such shall be deemed to continue to be persons of low income or very low income households, as applicable, for purposes of the requirement of Section 6(a) or (c), as applicable, hereof until the rental of an available unit of comparable or smaller size to a tenant who is not a person of low income or very low income household, as applicable.

(f) The units to be rented to persons of low income and very low income households under this Section 6 shall remain occupied by, or shall be made available on a priority basis for occupancy by, persons of low income or very low income households, respectively, until the Bond have been paid in full.

(g) Following the expiration or termination of the Compliance Period, except in the event of foreclosure and repayment in full of the Bond, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units required by Sections 6(a) and (c) to be reserved for occupancy by persons of low income or very low income households shall remain available to any eligible persons of low income or very low income households occupying such units at the date of expiration or termination, at a rent not greater than the amount required by Section 6(b) or (c), as applicable, prior to the date of termination or expiration, until the earliest of any of the following occur:

(i) The household's income exceeds 140 percent of the maximum eligible income required by Section 6(a) or (c), as applicable, for such units, as applicable.

(ii) The household voluntarily moves or is evicted for "good cause." For these purposes, "good cause" means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the lease agreement which detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project in which the unit is located, or the purposes or special programs of the Project in which the unit is located.

(iii) Thirty (30) years after the commencement of the Compliance Period.

(iv) The Borrower pays the relocation assistance and benefits to such persons of low income or very low income households, as applicable, as provided in Section 7264(b) of the Government Code of the State of California.

(h) This Section shall not be construed to require the Issuer to monitor the Borrower's compliance with the provisions of Section 6(g), or that the Issuer shall have any liability whatsoever in the event of the failure by the Borrower to comply with any of the provisions of this Regulatory Agreement.

Section 7. Requirements of the Issuer. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 through 6 hereof, the Borrower hereby agrees to comply with each of the requirements of the Issuer set forth in this Section 7, as follows:

(a) Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Loan Agreement, the Borrower shall pay to the Issuer:

(i) An administrative fee on the Closing Date, is an amount equal to 25 basis points (0.25%) of the maximum authorized principal amount of the Bond (being \$32,421.90);

(ii) An annual ongoing annual administrative fee in an amount equal to (A) for any one-year period from January 1 of each year to and including the end of December of the next year, occurring prior to or in which the last day of disbursement of proceeds of the Bond to fund the Loan occurs under Section 3.02 of the Indenture, 0.125% of the maximum authorized principal amount of the Bond as of the Closing Date (being \$16,210.95); and (B) for each such one year period commencing with the January 1 occurring thereafter, 0.125% of the principal amount of the Bond at the beginning of each such year period; however, the annual ongoing fee in any event will not be less than the greater of (A) 0.125% of the principal amount of the Bond outstanding immediately after the last day of

disbursement of proceeds of the Bond to fund the Loan under Section 3.02 of the Indenture, or \$10,000.00; payable in arrears on each such December 1 continuing throughout the Compliance Period;

(iii) within 30 days after receipt of a written request for payment thereof, all reasonable out-of-pocket expenses of the Issuer (not including salaries and wages of the Issuer employees) related to the Bond, the Loan, the Project and the financing thereof, including, without limitation, legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project, the Bond or the Loan; and

(iv) An annual occupancy monitoring fee, separately from, and in addition to, and payable on the same annual date as the annual ongoing administrative fee referred to in Section 7(a)(ii) above, to the San Diego Housing Commission (the "Commission"), for the greater of: (A) 21 units at an initial amount of \$157.50/unit = \$3,307.50, or (B) the total number of units monitored by the Commission. The annual occupancy monitoring fee 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.

The annual fee referred to in Section 7(a)(ii) above will be charged each year during the Compliance Period to recover administrative and monitoring costs of the Commission. The ongoing annual fee referred to in Section 7(a)(ii) above will be due and payable without the requirement for any invoice to be delivered to the Borrower, on the first day of the month in which the anniversary of the Closing Date occurs based on the facts in existence as of such first day of such month. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Indenture, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay annual fee to the Issuer. In the event that the Bond is redeemed in part or in full prior to the end of the Compliance Period, the fee described in clause (ii) above shall be paid by the Borrower at the time of the redemption of the Bond and shall be a lump sum amount equal to the present value (based on a discount rate equal to the prime rate identified by the Wall Street Journal at the time of redemption) of the fee for the number of years remaining in the Compliance Period.

Failure to timely pay any of the fees referred to in this Section 7(a) shall constitute a material default under this Regulatory Agreement.

The fees of the Issuer referenced in this Section 7(a) shall in no way limit amounts payable by the Borrower under Section 9 hereof, or otherwise arising in connection with the Issuer's or Trustee's enforcement of the provisions of this Regulatory Agreement, but the Issuer does agree to compensate any third party Administrator appointed by it from its annual administrative fees for the ordinary duties of the Administrator hereunder. In addition to the foregoing, the Borrower shall pay to the Issuer, promptly following a written demand from the Issuer to the Borrower therefore, any out-of-pocket expenses of the Issuer incurred in connection with the administration of any of the documents related to the Loan.

Notwithstanding the foregoing provisions of this Section 7(a), in no event shall the fees payable to the Issuer under this Section 7(a) exceed any applicable limitation imposed by the Code in respect of the Bond under Section 148 of the Code.

(b) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower and shall be maintained as required by the Administrator or the Issuer, in a reasonable condition for proper audit and subject to examination, upon reasonable written notice, during business hours by representatives of the Administrator, the Issuer and the Trustee.

(c) The Borrower shall submit to the Administrator, (i) not later than the forty-fifth (45th) day after the close of each calendar year, a statistical report to the Administrator in the form set forth as Exhibit F to this Regulatory Agreement, or such other form as may be prescribed by the Administrator or the Issuer, setting forth the information called for therein, and (ii) within fifteen (15) Business Days after receipt of a written request, any other information or completed forms requested by the Issuer in order to comply with reporting requirements of the Internal Revenue Service or the State.

(d) The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Borrower.

(e) Each of the requirements of Sections 3, 4, 6 and 29 hereof is hereby incorporated as a specific requirement of the Issuer, whether or not required by State or federal law, and shall be in force for the Compliance Period.

(f) The Borrower acknowledges that the Issuer may act as Administrator itself or may appoint an Administrator other than the initial Administrator to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. In such event, the Borrower shall comply with any request by the Issuer to deliver to any such Administrator, in addition to or instead of the Issuer, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the Administrator as an agent of the Issuer. The fees and charges of the Administrator, if any, shall be the responsibility of the Issuer.

(g) The Low Income Units and the Very Low Income Units (i) shall have characteristics comparable to all other units in the Project with the same number of bedrooms, including with respect to floor area and amenities, (ii) shall be distributed throughout the Project, and (iii) shall have the same access to Project facilities as all other units in the Project.

(h) In accordance with the Issuer's Bond Issuance and Post-Issuance Compliance Policy for its Multifamily Mortgage Revenue Bond Program, notwithstanding the termination of the Compliance Period, the rent of "in-place" Very Low Income Tenants at the conclusion of the Compliance Period will continue to be governed by the applicable affordability restrictions in Sections 4 and 6, so long as those tenants continue to live in the Project.

(i) The Borrower will comply with the following post issuance compliance procedures of the Issuer:

(i) At the completion of the rehabilitation of the Project, the Borrower shall provide to the Administrator a certification from the Borrower's architect (or other appropriate representative acceptable to the Issuer, such as a HERS Rater, GreenPoint Rater, energy consultant, etc.) for the Project to the effect that the Project includes all design elements that formed the basis for CDLAC adopting the

CDLAC Resolution (including but not limited to sustainable building methods and/or energy efficiency elements).

(ii) On or as soon as practicable after the Completion Date, the Borrower shall provide the Administrator with final actual sources and uses of funds for the acquisition and rehabilitation of the Project, and shall confirm to the staff of the Administrator that such sources and uses of funds complies with all applicable State and federal legal requirements, including those set forth in the Tax Certificate.

(iii) Annually, on or before January 1 of each year until the expiration of the Compliance Period, the Borrower shall provide a written certificate of compliance to the Administrator to confirm that the Project meets the terms and conditions stated in the CDLAC Resolution. The Administrator may request that the Borrower provide evidence of compliance by the Project with the terms and conditions of the CDLAC Resolution, including supporting documentation as necessary in the sole reasonable discretion of the Administrator, and the Borrower shall timely and completely comply with any such request.

(iv) Subject to the provisions of the next paragraph, the Administrator shall have the right to approve any voluntary change in ownership (A) that results in a transfer of 50% or more of the total equity interests in the Borrower, or (B) that results in a transfer of any general partner or managing member interest in the Borrower. Such approval to transfer ownership shall be at the discretion of the Administrator, and shall be in addition to any applicable requirements set forth in this Regulatory Agreement or the Loan Agreement. The Administrator may review management practices of the proposed transferee's current and previously owned properties, if any. Any proposed transferee (including individuals with an ownership interest) whose currently-owned properties have been found by the Administrator to have deficiencies that have not been resolved within the time frame prescribed by the City, the Issuer, the Administrator or other local government authority, may not assume ownership of the Project. The Administrator may initiate additional inspections, at the proposed transferee's request, to verify findings. The Borrower agrees that it will provide the Administrator with notice of any such transfer within thirty (30) days thereof.

Notwithstanding the foregoing, any of the following shall not require the prior consent of the Issuer or the Administrator: (A) transfers of or in the limited partner interests of the Borrower, (B) the removal and replacement of the general partner of the Borrower in accordance with the terms of the Borrower's partnership agreement, (C) foreclosure (or acceptance of a deed in lieu of foreclosure), or the first transfer of the Project following acceptance of a deed in lieu of such foreclosure, and (D) any transfer referred to in the third paragraph of Section 12 of this Regulatory Agreement.

(v) The Borrower shall provide the Administrator's staff with all documentation necessary, in the sole discretion of the Administrator's staff, to confirm the Borrower's and the Project's compliance with federal tax laws as set forth in the Tax Certificate, the Loan Agreement and this Regulatory Agreement, including the requirements of Section 5.03 of the Loan Agreement, and Section 2(h) of this Regulatory Agreement regarding rebate compliance.

Any of the foregoing requirements of the Issuer may be expressly waived by the Issuer in writing, but (i) no waiver by the Issuer of any requirement of this Section 7 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Issuer 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 Bond for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the Issuer and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bond 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 8. Modification of Covenants. The Borrower and the Issuer 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 Issuer and the Borrower, retroactively impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement, and if such requirements are applicable to the Project and compliance therewith is necessary to maintain the validity of the Bond, or the Tax-Exempt status of interest on the Bond, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent that the Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the Issuer and the 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 signed by the Issuer, at its sole discretion, the Borrower, and only upon receipt by the Issuer of the written opinion of Bond Counsel to the effect that such amendment will not affect the Tax-Exempt status of interest on the Bond or violate the requirements of the Act, and otherwise in accordance with Section 22 hereof.

(c) The Borrower and the Issuer shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary to effectuate the intent of this Section 8, and each of the Borrower and the Issuer hereby appoint the Trustee as their true and lawful attorney-in-fact to execute and deliver on behalf of the Borrower or the Issuer, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if either the Borrower or the Issuer defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Issuer or the Borrower, the Trustee shall take no action under this subsection without first notifying the Borrower or the Issuer, or both of them, as is applicable, in writing and without first providing the Borrower or the Issuer, or both, as is applicable, an opportunity to comply with the requirements of this Section 8. Nothing in this subsection (c) shall be construed (i) to allow the Trustee to execute an amendment to this Regulatory Agreement on behalf of the Issuer or the Borrower and (ii) to place a duty or obligation on the Trustee to monitor the Issuer's or Borrower's compliance herewith.

Notwithstanding any other provision of this Regulatory Agreement, whenever an opinion of counsel is required or requested to be delivered hereunder after the Closing Date, the Trustee, the Issuer and the Borrower shall accept (unless otherwise directed in writing by the Issuer) an opinion of counsel in such form and with such disclaimers as may be required so that such

opinion will not be treated as a “covered opinion” for purposes of the Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230), 31 CFR Part 10.

Section 9. Indemnification; Other Payments. To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Issuer and each of its officers, Commissioners, officials, employees, attorneys and agents (collectively, the “Indemnified Parties”), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Bond, the Indenture, the Loan Agreement, this Regulatory Agreement, the Construction and Permanent Loan Agreement, the Tax Certificate or any of the other documents related to the Loan, or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale, resale or remarketing of the Bond;

(ii) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loan or the Project, the acquisition, rehabilitation or operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition and rehabilitation of the Project or any part thereof;

(iii) any lien or charge upon payments by the Borrower to the Issuer or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer in respect of any portion of the Project;

(iv) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, of the Project or any part thereof;

(v) the defeasance and/or redemption, in whole or in part, of the Bond;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any information provided by or on behalf of the Borrower and included in an offering statement or disclosure document for the Bond or any of the documents relating to the Bond, or any omission or alleged omission from any offering statement or disclosure document for the Bond of any material fact related to the Borrower or the Project necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(vii) any declaration of taxability of interest on the Bond, or allegations (or regulatory inquiry) that interest on the Bond is taxable for federal tax purposes;

except 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 shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole

discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

In addition thereto, the Borrower will pay upon demand all of the fees and expenses paid or incurred by any Indemnified Party in enforcing the provisions hereof.

The provisions of this Section 9 shall survive the final payment or defeasance of the Bond and the termination of this Regulatory Agreement; provided, however, the provisions of this Section shall, in the case of the Issuer, survive the term of this Regulatory Agreement, but only as to claims arising from events occurring during the term of this Regulatory Agreement.

Nothing contained in this Section 9 shall cause the obligation of the Borrower to pay principal and interest on the Loan to be a recourse obligation of the Borrower.

The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Issuer or otherwise, 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 Issuer shall be entitled simultaneously to seek indemnity under this Section and any other provision under which it is entitled to indemnity.

Section 10. Consideration. The Issuer has agreed to issue the Bond to provide funds to lend to the Borrower to finance the Project, all for the purpose, among others, of inducing the Borrower to acquire, rehabilitate and operate the Project. In consideration of the issuance of the Bond by the Issuer, 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 11. Reliance. The Issuer and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons, including but not limited to the Administrator and the Trustee, interested in the legality and validity of the Bond, in the exemption from California personal income taxation of interest on the Bond and in the Tax-Exempt status of the interest on the Bond. In performing their duties and obligations hereunder, the Issuer and the Administrator may rely upon statements and certificates of the Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Issuer 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 Issuer hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Issuer shall not be required to conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any written notice or certificate delivered to the Issuer by the Borrower with respect to the occurrence or absence of a default.

Section 12. Transfer of the Project. For the Compliance Period, the Borrower shall not Transfer the Project, in whole or in part, without the prior written notice to the Trustee (so long as the Indenture remains in effect), and without the prior written consent of the Issuer, which consent shall not be unreasonably withheld and the Executive Director of the Issuer may give such consent without further action by the Board of Commissioners of the Issuer, if the following

conditions are satisfied: (A) the receipt by the Issuer of evidence acceptable to the Issuer that (1) the Borrower shall not be in default hereunder, or under any of the other documents related to the Loan in effect, or the transferee undertakes to cure any defaults of the Borrower to the reasonable satisfaction of the Issuer; (2) the continued operation of the Project shall comply with the provisions of this Regulatory Agreement; (3) either (a) the transferee or its Manager has at least three years' experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects, or (b) the transferee agrees to retain a Manager with the experience and record described in subclause (a) above, or (c) the transferring Borrower or its management company will continue to manage the Project, or another management company reasonably acceptable to the Issuer will manage, for at least one year following such Transfer and, if applicable, during such period the transferring Borrower or its management company will provide training to the transferee and its manager in the responsibilities relating to the Low Income Units and the Very Low Income Units; and (4) the person or entity that is to acquire the Project does not have pending against it, and does not have a history of significant and material building code violations or complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; (B) the execution by the transferee of a document reasonably acceptable to the Issuer with respect to the assumption of the Borrower's obligations under this Regulatory Agreement and the other documents related to the Loan in effect, including without limitation an instrument of assumption hereof and thereof, and delivery to the Issuer of an opinion of such transferee's counsel to the effect that each such document and this Regulatory Agreement are valid, binding and enforceable obligations of such transferee, subject to bankruptcy and other standard limitations affecting creditor's rights; (C) receipt by the Issuer of an opinion of Bond Counsel to the effect that any such Transfer will not adversely affect the Tax-Exempt status of interest on the Bond; (D) receipt by the Issuer of all fees and /or expenses then currently due and payable to the Issuer by the Borrower; (E) receipt by the Issuer of evidence of satisfaction of compliance with the provisions of Section 29(d)(i) related to notice to CDLAC of transfer of the Project; and (F) such other conditions are met as the Issuer may reasonably impose.

It is hereby expressly stipulated and agreed that any Transfer of the Project in violation of this Section 12 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. The written consent of the Issuer to any Transfer of the Project shall constitute conclusive evidence that the Transfer is not in violation of this Section 12. Nothing in this Section shall affect any provision of any other document or instrument between the Borrower and any other party which requires the Borrower to satisfy certain conditions or obtain the prior written consent of such other party in order to Transfer the Project. Upon any Transfer that complies with this Regulatory Agreement, the Borrower shall be fully released from its obligations hereunder, but only to the extent such obligations have been fully assumed in writing by the transferee of the Project.

The foregoing notwithstanding, the Project may be transferred pursuant to a foreclosure, exercise of power of sale or deed in lieu of foreclosure or comparable conversion without the consent of the Issuer or compliance with the provisions of this Section 12. The Issuer hereby approves (A) the transfer of limited partnership interests in the Borrower, including, without limitation, the transfer of membership interests in the Borrower from the investor limited partner and non-managing membership interests in the limited partner of Borrower, (B) the withdrawal of any partner of the Borrower under the Borrower's partnership agreement, (C) any other transfer of interests pursuant to the provisions of the Borrower's partnership agreement as in effect from time to time, including but not limited to the removal of a general partner of the

Borrower (including removal of the managing general partner of the Borrower) and replacement thereof by an affiliate of any partner of the Borrower, or (D) as approved by Section 6 of the resolution of the Issuer adopted on February 22, 2021 authorizing the issuance of the Bond, a transfer of the Project pursuant to an exercise of rights under a Purchase Option and Right of First Refusal or similar agreement related to the Borrower's partnership agreement by any general partner, or member of a general partner, of the Borrower with written notice to the Issuer.

For the Compliance Period, the Borrower shall not: (A) encumber any of the Project or grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except for (1) encumbrances permitted under the Loan Agreement, or (2) a Transfer in accordance with the terms of this Regulatory Agreement, in each case upon receipt by the Issuer of an opinion of Bond Counsel to the effect that such action will not adversely affect the Tax-Exempt status of interest on the Bond (provided that such opinion will not be required with respect to any encumbrance, lease or transfer relating to a commercial operation or ancillary facility that will be available for tenant use and is customary to the operation of multifamily housing developments similar to the Project); (B) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except to the extent that what is demolished or removed is replaced with comparable property or such demolition or removal is otherwise permitted by the Loan Agreement; or (C) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

Section 13. Term. This Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the period provided herein and shall terminate as to any provision not otherwise provided with a specific termination date and shall terminate in its entirety at the end of the Compliance Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bond and discharge of the Loan Agreement.

The terms of this Regulatory Agreement to the contrary notwithstanding, the requirements of this Regulatory Agreement shall terminate and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire or other casualty, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date, which prevents the Issuer from enforcing such provisions, or condemnation, foreclosure or transfer of title by deed in lieu of foreclosure, or a similar event, but only if, within a reasonable period, either the Bond is fully repaid or amounts received as a consequence of such event are used to provide a project that meets the requirements hereof; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes.

Notwithstanding any other provision of this Regulatory Agreement, this Regulatory Agreement may be terminated upon agreement by the Issuer and the Borrower, with the consent of CDLAC and the Bondowner Representative, upon receipt by the Issuer and the Bondowner Representative of an opinion of Bond Counsel to the effect that such termination will not adversely affect the exclusion from gross income of interest on the Bond for federal income tax purposes and is otherwise permitted under the Act. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution

and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 14. Covenants to Run With the Land. Notwithstanding Section 1461 of the California Civil Code, the Borrower hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Issuer 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 15. Burden and Benefit. The Issuer and the Borrower hereby declare their understanding and intent that the burdens 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 Issuer and the Borrower hereby further declare their understanding and intent that the benefits of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants and tenants of the Very Low Income Units, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bond were issued.

Section 16. 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 of the site on which the Project is located.

Section 17. Default; Enforcement. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement and if such default remains uncured for a period of 60 days after written notice thereof shall have been given by the Issuer or the Trustee (with a copy to the Issuer and the Bondowner Representative) to the Borrower, or for a period of 60 days from the date the Borrower should, with reasonable diligence, have discovered such default, then the Issuer may declare an "Event of Default" to have occurred hereunder; provided, however, that if the default is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected (which cure period shall be no longer than 180 days following the delivery of notice of a default to the Borrower), and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-Exempt status of interest on the Bond. The Issuer and the Trustee shall have the right to enforce the obligations of the Borrower under this Regulatory Agreement within shorter periods of time than are otherwise provided herein if necessary to insure compliance with the Act or the Code.

Following the declaration of an Event of Default hereunder, the Issuer or the Trustee, subject to the terms of the Loan Agreement, may take any one or more of the following steps, in addition to all other remedies provided by law or equity:

- (i) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things that may be unlawful or in violation of the rights of the Issuer 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; and

(iv) with the prior written consent of Bondholder, declare default under the Loan Agreement, and proceed with any remedies provided therein.

Any limited partner of the Borrower shall have the right but not the obligation to cure any Event of Default, and the Issuer and the Trustee agree to accept any cure tendered by any such limited partner on behalf of the Borrower within any cure period specified above.

The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the Issuer may fully obtain the benefits of this Regulatory Agreement made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower hereunder.

The Trustee shall have the right, in accordance with this Section and the provisions of the Loan Agreement, without the consent or approval of the Issuer, but with the prior written consent of Bondholder, to exercise any or all of the rights or remedies of the Issuer hereunder; provided that prior to taking any such action the Trustee shall give the Issuer written notice of its intended action.

The Issuer and the Trustee hereby agree that cure of any Event of Default made or tendered by any partner of the Borrower shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

All reasonable fees, costs and expenses of the Trustee and the Issuer incurred in taking any action pursuant to this Section shall be the sole responsibility of the Borrower; provided, however, that in the event that any action arises hereunder in which the Borrower and the Trustee are adversaries, the prevailing party, if any, shall be entitled to recover legal fees and costs from the other party; provided, further, that if the Trustee is a party to such proceeding and it is not the prevailing party, such legal fees and costs shall be recoverable only to the extent that the Trustee is allowed to pay such fees and costs from accounts it is holding pursuant to the Indenture, or other amounts available to it pursuant to the Indenture (except to the extent of the Trustee's negligence or willful misconduct).

No breach or default under this Regulatory Agreement shall render invalid or terminate the Deed of Trust.

Section 18. The Trustee. The Trustee shall be entitled, but shall have no duty, to act with respect to enforcement of the Borrower's performance hereunder. The Trustee, either on its own behalf or as the agent of and on behalf of the Issuer, may, in its sole discretion, act hereunder and any act required to be performed by the Issuer as herein provided shall be deemed taken if such act is performed by the Trustee. In connection with any such performance, all provisions of the Indenture and the Loan Agreement relating to the rights, privileges, powers, indemnities and protections of the Trustee shall apply with equal force and effect to all actions taken (or omitted to be taken) by the Trustee in connection with this Regulatory Agreement. Neither the Trustee nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it hereunder or in connection herewith except for its or their own negligence or willful misconduct. The Trustee may consult with legal counsel selected by it (the reasonable fees of

which counsel shall be paid by the Borrower) and any action taken or suffered by it reasonably and in good faith in accordance with the opinion of such counsel shall be full justification and protection to it. The Trustee may at all times assume compliance with this Regulatory Agreement unless otherwise notified in writing by or on behalf of the Issuer, or unless it has actual knowledge of noncompliance.

After the date the Bond no longer remains outstanding, the Trustee shall have no further rights, duties or responsibilities under this Regulatory Agreement, and all references to the Trustee in this Regulatory Agreement shall be deemed references to the Issuer.

Section 19. Recording and Filing. (a) The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto to be recorded and filed in the real property records of the County, and in such other places as the Issuer may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

(b) The Borrower and the Issuer will file of record such other documents and take such other steps as are reasonably necessary, in the opinion of Bond Counsel, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project.

(c) The Borrower hereby covenants to include or reference 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 (other than in any document granting a security interest to the Trustee and, provided, however, that no such assignment shall be required in connection with the transfer of the Project to the Trustee or to the Bondholder by foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan), and, except in the case of a foreclosure or comparable involuntary conversion, whereby the Bondholder or its designee becomes the owner of the Project, to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 20. Payment of Fees. Notwithstanding any prepayment of the Loan and discharge of the Loan Agreement, the Borrower shall continue to pay the fees of the Issuer as provided in Section 7(a).

If the Borrower fails to make payment of the annual fee of the Issuer for a period of two consecutive years or more, the Issuer may, in its sole discretion, declare the total amount of the annual fee of the Issuer through the end of the Compliance Period immediately due and payable, such amount to be discounted at a rate equal to the then current market rate for U.S. Treasury obligations of a maturity equal to the remaining term of the Compliance Period.

Section 21. Governing Law; Venue. This Regulatory Agreement shall be construed in accordance with and governed by the laws of the State applicable to contracts made and performed in the State. This Regulatory Agreement shall be enforceable in the State, and any action arising hereunder shall (unless waived by the Issuer in writing) be filed and maintained in the Superior Court of California, County of San Diego.

Section 22. Amendments; Waivers. (a) Except as provided in Section 8(a) and 29(e) hereof, this Regulatory Agreement may be amended only 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, and only upon receipt by the Issuer of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-Exempt status of interest on the Bond and is not contrary to the provisions of the Act. The Borrower shall provide a copy of any such amendment to the Trustee.

(b) Anything to the contrary contained herein notwithstanding, the Issuer and the Borrower hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel, in order that interest on the Bond remains Tax-Exempt. The party requesting such amendment shall notify the other party to this Regulatory Agreement of the proposed amendment, with a copy of such proposed amendment to Bond Counsel and a request that Bond Counsel render to the Issuer an opinion as to the effect of such proposed amendment upon the Tax-Exempt status of interest on the Bond. This provision shall not be subject to any provision of any other agreement requiring any party hereto to obtain the consent of any other person in order to amend this Regulatory Agreement.

(c) Any waiver of, or consent to, any condition under this Regulatory Agreement must be expressly made in writing.

Section 23. Notices. Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, overnight delivery, certified or registered mail, postage prepaid, return receipt requested, or by telecopy, in each case at the respective addresses specified in Section 11.06 of the Indenture. Unless otherwise specified by the Administrator, the address of the Administrator is the same as the address of the Issuer. A copy of any notice sent to the Borrower shall be provided to the Investor Limited Partner at the address provided, and as such term is defined, in the Indenture.

Unless otherwise specified by CDLAC, the address of CDLAC is:

California Debt Limit Allocation Committee
901 P Street, Suite 213A
Sacramento, CA 95814
Attention: Executive Director

The Issuer, the Administrator, CDLAC and the Borrower may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Notice shall be deemed given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission; provided that any telecopy or other electronic transmission received by any party after 4:00 p.m., local time of the receiving party, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day. A copy of each notice of default provided to the Borrower hereunder shall also be provided to the Trustee at its address specified in the Indenture.

The Borrower shall notify the Issuer and the Administrator in writing of any change to the name of the Project or any change of name or address for the Borrower or the Manager. The Borrower shall further notify CDLAC in writing of any event provided in Section 29(d) hereof.

Section 24. 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 25. Multiple Counterparts. This Regulatory Agreement may be simultaneously 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 26. Limitation on Liability. Notwithstanding the foregoing or any other provision or obligation to the contrary contained in this Regulatory Agreement: (i) the liability of the Borrower under this Regulatory Agreement to any person or entity, including, but not limited to,

the Issuer and its successors and assigns, is limited to the Borrower's interest in the Project and the amounts held in the funds and accounts created under the Indenture, or any rights of the Borrower under any guarantees relating to the Project, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given for the payment of obligations arising out of this Regulatory Agreement or any other agreement securing the obligations of the Borrower under this Regulatory Agreement; and (ii) from and after the date of this Regulatory Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Regulatory Agreement, any agreement pertaining to the Project or any other agreement securing the Borrower's obligations under this Regulatory Agreement), shall be rendered against the Borrower, the assets of the Borrower (other than the Borrower's interest in the Project, this Regulatory Agreement, amounts held in the funds and accounts created under the Indenture, any rights of the Borrower under the Loan Agreement or any other documents relating to the Bond or any rights of the Borrower under any guarantees relating to the Project), its partners, successors, transferees or assigns and each of their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Regulatory Agreement and the Loan Agreement or any agreement securing the obligations of the Borrower under this Regulatory Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding, except to the extent provided in the Loan Agreement. Notwithstanding anything to the contrary herein, such limited recourse to the Borrower described in this section shall not apply to its indemnification of, or any other obligations owed to, the Trustee under the Loan Agreement or any other documents executed in connection herewith or therewith, for which the Borrower shall be fully liable to the Trustee.

Section 27. Third-Party Beneficiaries. The Administrator, the Trustee, CDLAC and the San Diego Housing Commission are intended to be and shall each be a third-party beneficiary of this Regulatory Agreement. The Administrator shall have the right (but not the obligation) to enforce, separately or jointly with the Issuer and/or the Trustee, the terms of this Regulatory Agreement and to pursue an action for specific performance or other available remedy at law or in equity in accordance with Section 17 hereof. CDLAC shall have the right (but not the obligation) to enforce the CDLAC Conditions and to pursue an action for specific performance or other available remedy at law or in equity in accordance with Section 17 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of any Bondholder.

Section 28. Property Management. The Borrower agrees that at all times the Project shall be managed by a property manager (i) approved by the Issuer in its reasonable discretion (it being acknowledged that the Issuer hereby approves Solari Enterprises, Inc. as a property manager for the Project) and (ii) who has at least three years' experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects (the "Manager"). The Borrower shall submit to the Issuer from time to time such information about the background, experience and financial condition of any existing or proposed Manager as the Issuer may reasonably require to determine whether such Manager meets the requirements for a Manager set forth herein. The Issuer reserves the right to conduct periodic reviews of the management practices and of the Manager to determine if the Project is being operated and managed in accordance with the requirements and standards of this Regulatory Agreement. The Borrower agrees to cooperate with the Issuer in such reviews.

If the Issuer determines in its reasonable judgment that the Project is not being operated and managed in accordance with one or more of the material requirements or standards of this

Regulatory Agreement, the Issuer may deliver written notice to the Borrower, the Bondholder and the Trustee requesting replacement of the Manager, which notice shall state clearly the reasons for such request. The Borrower agrees that, upon receipt of such notice, it shall within 60 days submit to the Issuer, with a copy to the Trustee and the Bondholder, a proposal to engage a new Manager meeting the requirements of this Section 28. The Issuer shall respond within 30 days to such proposal or such approval shall be deemed given. Upon receipt of such consent or deemed consent and the written consent of the Bondholder, the Borrower shall within 60 days terminate the existing Manager's engagement and engage the new Manager. If such proposal is denied by the Issuer or the Bondholder, the Borrower agrees that upon receipt of notice of such denial, it shall within 60 days submit to the Issuer, with a copy to the Bondholder and the Trustee, a proposal to engage another new Manager meeting the requirements of this Section 28, subject to the Issuer's and the Bondholder's consent pursuant to the terms hereof.

Section 29. Requirements of CDLAC. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 through 6 hereof, the Borrower hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 29, as follows:

(a) The Borrower shall comply with the CDLAC Resolution attached hereto as Exhibit E and the CDLAC Conditions set forth in Exhibit A of the CDLAC Resolution (the "CDLAC Conditions"), including but not limited to the provisions of Sections 14 and 15 applicable to income and rental restrictions, which conditions are incorporated herein by reference and made a part hereof. The Borrower will prepare and submit to the Administrator, on behalf of the Issuer:

(i) not later than February 1 of each year, until the rehabilitation of 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 Compliance Period, a Certificate of Compliance II for Qualified Residential Rental Project, in substantially the form required or provided by CDLAC from time to time ("Certificate of Compliance"), executed by an Authorized Borrower Representative; with such Certificate of Compliance to be prepared pursuant to the terms of the CDLAC Conditions;

(ii) a certificate of completion, in substantially the form required or provided by CDLAC from time to time, executed by an Authorized Borrower Representative certifying among other things to the substantial completion of the rehabilitation of the Project; and

(iii) not later than February 1 every three years after the filing of a certificate of completion until the end of the Qualified Project Period, a California Tax Credit Allocation Committee Status Report or equivalent documentation, as required or provided by CDLAC from time to time, executed by an Authorized Borrower Representative.

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 Issuer.

(b) The Borrower acknowledges that the Issuer and the Administrator shall monitor or cause to be monitored the Borrower's compliance with the terms of the CDLAC Conditions. The Borrower acknowledges that the Issuer will prepare and submit to CDLAC, not later than March 1 of each year until the rehabilitation of the Project is

completed, and on March 1 every three years thereafter until the end of the Compliance Period, a Self-Certification Certificate in the form provided by CDLAC. The Borrower will cooperate fully with the Issuer in connection with such monitoring and reporting requirements.

(c) Except as otherwise provided in Section 13 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 following the Completion Date or otherwise after the commencement of the Compliance Period, whichever is earlier.

(d) The Borrower shall notify CDLAC in writing of: (i) any change in ownership of the Project, (ii) any change in the Issuer, (iii) any change in the name of the Project or the Manager; (iv) any default under the Loan Agreement or this Regulatory Agreement, including, but not limited to, such defaults associated with the Tax-Exempt status of the interest on the Bond, and the income and rental requirements as provided in Sections 4 and 6 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 owner of all of the outstanding Bond, which will not be unreasonably withheld: changes to Items #1, #6, #7, #10 thru #12, #14 thru #16, #18 thru #26, and #37 of the Exhibit A to the CDLAC Resolution require approval of CDLAC or its Executive Director; items #2, #13, #17 and #27 of the Exhibit A to the CDLAC Resolution cannot be altered; changes to Items #3 thru #5 of the Exhibit A to the CDLAC Resolution require no CDLAC approval but any alterations must be reported to CDLAC staff for the affordability period; changes to Items #8 and #9 of the Exhibit A to the CDLAC Resolution require no CDLAC notification; and changes to Items #28 thru #36 of the Exhibit A to the CDLAC Resolution require approval of CDLAC or its Executive Director only prior to the Project being placed in service by the California Tax Credit Allocation Committee. The Issuer may, in its sole and absolute discretion, require that the Borrower enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendments shall be executed by the parties hereto or their successor in title and duly recorded in the real property records of the County. The Borrower shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of those recorded amendments reflecting the revised CDLAC Conditions.

Any of the foregoing requirements of the CDLAC Conditions contained in this Section 29 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 29 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Issuer 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 Bond for federal income tax purposes; and (ii) any requirement of this Section 29 shall be void and of no force and effect if the Issuer, the Bondowner Representative and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bond 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 30. Limited Liability of Issuer. All obligations of the Issuer incurred under this Regulatory Agreement shall be limited obligations, payable solely and only from Bond proceeds and other amounts derived by the Issuer from the Loan or otherwise under the Loan Agreement.

Section 31. Annual Reporting Covenant. No later than January 31 of each calendar year (commencing January 31, 2025), the Borrower, on behalf of the Issuer, 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 Issuer, the annual report information with respect to each series of the Bond 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 Bond is no longer outstanding or (ii) the proceeds of the Loan have been fully spent.

Section 32. Conflict With Other Affordability Agreements. Notwithstanding any provision in this Regulatory Agreement to the contrary, in the event of any conflict between the provisions of this Regulatory Agreement and any other agreement that imposes affordability requirements on the Project, including those referenced in Section 3(e) hereof, the provisions providing for the most affordable units, with the most affordability, in the Project shall prevail, so long as at all times the requirements of Section 2, 3, 4, 6, 7 and 29 of this Regulatory Agreement are in any event satisfied. Notwithstanding the foregoing, a breach or default under any agreement referenced in Section 3(e) hereof shall not, in itself, constitute a breach or a default under this Regulatory Agreement.

IN WITNESS WHEREOF, the Issuer and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____
Colin Miller,
Senior Vice President Housing
Finance & Property Management

19048.58;J19248

[Signature page to Regulatory Agreement and Declaration of Restrictive Covenants
for Casa Nueva Apartments]

CASA NUEVA II LP,
a California limited partnership

By: Casa Nueva II LLC,
a California limited liability company,
its general partner

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

By: _____
Theodore T. Miyahara,
President & CEO

19048.58:J19248

[Signature page to Regulatory Agreement and Declaration of Restrictive Covenants
for Casa Nueva Apartments]

NOTARY 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

ss.

County of _____

On _____, before me, _____, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared _____
Name(s) of Signer(s)

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]
Notary Public

NOTARY 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

ss.

County of _____

On _____, before me, _____, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared _____
Name(s) of Signer(s)

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]
Notary Public

NOTARY 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

ss.

County of _____

On _____, before me, _____, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared _____
Name(s) of Signer(s)

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]
Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

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

PARCEL 1:

LOTS 7, 8, AND 9 IN BLOCK 34 OF SHERMAN'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP NO. 856, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 18, 1899.

PARCEL 2:

LOT 10 IN BLOCK 34 OF SHERMAN'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP NO. 856, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 18, 1899.

PARCEL 3:

LOT 11 OF BLOCK 34 OF SHERMAN'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP NO. 856, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 18, 1899.

PARCEL 4:

THE WESTERLY 50 FEET OF LOT 12 IN BLOCK 34 OF SHERMAN'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP NO. 856, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 18, 1899.

PARCEL 5:

LOT 12, BLOCK 34 OF SHERMAN'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP NO. 856, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 18, 1899. EXCEPTING THEREFROM THE WESTERLY 50 FEET.

APN: 535-394-16-00

EXHIBIT B**FORM OF INCOME CERTIFICATION****TENANT INCOME CERTIFICATION**
☐ Initial Certification ☐ 1st Recertification ☐ Other:

Effective Date:
Move-in Date:
(YYYY-MM-DD)
PART I - DEVELOPMENT DATA
Property Name: Casa Nueva Apartments
Address: 350 17th Street, San Diego, CA

County: San Diego
Unit Number:

BIN #:
Bedrooms:
PART II. HOUSEHOLD COMPOSITION
☐ Vacant

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (YYYY/MM/DD)	F/T Student (Y or N)	Last 4 digits of Social Security #
1				HEAD			
2							
3							
4							
5							
6							
7							

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$	\$	\$	\$

Add totals from (A) through (D), above

TOTAL
INCOME (E):

\$

PART IV. INCOME FROM ASSETS

Hshld Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset

TOTALS:

\$

\$

Enter Column (H) Total
If over \$5000

\$

Passbook Rate
X 2.00%

= (J) Imputed Income

\$

Enter the greater of the total of column I, or J: imputed income
(K)

TOTAL INCOME FROM ASSETS

\$

(L) Total Annual Household Income from all Sources [Add (E) + (K)]

\$

Effective Date of Move-in Income Certification:

Household Size at Move-in Certification:

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

_____ Signature	_____ (Date)	_____ Signature	_____ (Date)
_____ Signature	_____ (Date)	_____ Signature	_____ (Date)

PART V. DETERMINATION OF INCOME ELIGIBILITYTOTAL ANNUAL HOUSEHOLD
INCOME FROM ALL SOURCES:
From item (L) on page 1

\$

Unit Meets Income
Restriction at:☐ 60% ☐ 50%☐ 40% ☐ 30%☐ %**RECERTIFICATION ONLY:**

Current Income Limit x 140%:

\$

Household Income exceeds 140%
at recertification:☐ Yes ☐ No

Current Income Limit per Family Size: \$

Household Income at Move-in: \$

Household Size at Move-in: _____

PART VI. RENT

Tenant Paid Rent \$

Utility Allowance \$

Rent Assistance: \$

Other non-optional charges: \$

GROSS RENT FOR UNIT:
(Tenant paid rent plus Utility Allowance &
other non-optional charges)

\$

Unit Meets Rent Restriction at:

☐ 60% ☐ 50% ☐ 40% ☐ 30% ☐ %

Maximum Rent Limit for this unit: \$

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

☐ yes ☐ noIf yes, Enter student explanation*
(also attach documentation)

Enter 1-5

*Student Explanation:

- 1 AFDC / TANF Assistance
- 2 Job Training Program
- 3 Single Parent / Dependent Child
- 4 Married / Joint Return
- 5 Former Foster Care

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit ☐

See Part V above.

b. HOME ☐

Income Status

☐ ≤ 50% AMGI☐ ≤ 60% AMGI☐ ≤ 80% AMGI☐ OI**c. Tax Exempt ☐

Income Status

☐ 50% AMGI☐ 60% AMGI☐ 80% AMGI☐ OI**d. AHDP ☐

Income Status

☐ 50% AMGI☐ 80% AMGI☐ OI**e. ☐
(Name of Program)

Income Status

☐ _____☐ _____☐ OI**

** Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE

DATE

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I - Project Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

*Move-in Date	Enter the date the tenant has or will take occupancy of the unit. (YYYY-MM-DD)
*Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification. (YYYY-MM-DD)
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
BIN #	Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).
Address	Enter the address of the building.
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.
*Vacant Unit	Check if unit was vacant on December 31 of requesting year.

Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following coded definitions:

H	-	Head of Household	S	-	Spouse
A	-	Adult co-tenant	O	-	Other family member
C	-	Child	F	-	Foster child(ren)/adult(s)
L	-	Live-in caretaker	N	-	None of the above

Enter the date of birth, student status, and last four digits of social security number or alien registration number for each occupant. If tenant does not have a Social Security Number (SSN) or alien registration number, please enter the numerical birth month and last two digits of birth year (e.g. birthday January 1, 1970, enter "0170"). If tenant has no SSN number or date of birth, please enter the last 4 digits of the BIN.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List **each** respective household member number from Part II. Include anticipated income only if documentation exists verifying pending employment. If any adult states zero-income, please note "zero" in the columns of Part III.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

Row (K)	Enter the greater of the total in Column (I) or (J)
Row (L)	Total Annual Household Income From all Sources Add (E) and (K) and enter the total
*Effective Date of Income Certification	Enter the effective date of the income certification corresponding to the total annual household income entered in Box L. If annual income certification is not required, this may be different from the effective date listed in Part I.
*Household Size at Certification	Enter the number of tenants corresponding to the total annual household income entered in Box L. If annual income certification is not required, this may be different from the number of tenants listed in Part II.

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and / or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

Part V – Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current Income Limit per Family Size	Enter the Current Move-in Income Limit for the household size.
Household income at move-in Household size at move-in	For recertifications, only. Enter the household income from the move-in certification. On the adjacent line, enter the number of household members from the move-in certification.
Current Income Limit x 140%	For recertifications only. Multiply the Current Maximum Move-in Income Limit by 140% and enter the total. 140% is based on the Federal Set-Aside of 20/50 or 40/60, as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the current income limit, then the available unit rule must be followed.
*Units Meets Income Restriction at	Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside(s) for the project.

Part VI - Rent

Tenant Paid Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Rent Assistance	Enter the amount of rent assistance, if any.
Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other non-optional charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges.
Maximum Rent Limit for this unit	Enter the maximum allowable gross rent for the unit.
Unit Meets Rent Restriction at	Check the appropriate rent restriction that the unit meets according to what is required by the set-aside(s) for the project.

Part VII - Student Status

If all household members are full time* students, check "yes". If at least one household member is not a full time student, check "no".

If "yes" is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

Full time is determined by the school the student attends.

Part VIII – Program Type

Mark the program(s) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit	See Part V above.
HOME	If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household's designation.
Tax Exempt	If the property participates in the Tax Exempt Bond program; mark the appropriate box indicating the household's designation.
AHDP	If the property participates in the Affordable Housing Disposition Program (AHDP), and this household's unit will count towards the set-aside requirements, mark the appropriate box indicating the household's designation.
Other	If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

PART IX. SUPPLEMENTAL INFORMATION

Tenant Demographic Profile	Complete for each member of the household, including minors, for move-in. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.
Resident/ Applicant Initials	All tenants who wish not to furnish supplemental information should initial this section. Parent/guardian may complete and initial for minor child(ren).

** Please note areas with asterisks are new or have been modified. Please ensure to note the changes or formats now being requested.*

TENANT INCOME CERTIFICATION QUESTIONNAIRE

Name: _____

Telephone Number: _____

()

- ☐ Initial Certification
☐ Re-certification
☐ Other

BIN # _____

Unit # _____

INCOME INFORMATION

Yes	No		MONTHLY GROSS INCOME
<input type="checkbox"/>	<input type="checkbox"/>	I am self employed. (List nature of self employment)	(use <u>net</u> income from business) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I have a job and receive wages, salary, overtime pay, commissions, fees, tips, bonuses, and/or other compensation: List the businesses and/or companies that pay you: <u>Name of Employer</u> 1) _____ 2) _____ 3) _____	\$ _____ \$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive cash contributions of gifts including rent or utility payments, on an ongoing basis from persons not living with me.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive unemployment benefits.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive Veteran's Administration, GI Bill, or National Guard/Military benefits/income.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive periodic social security payments.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	The household receives <u>unearned</u> income from family members age 17 or under (example: Social Security, Trust Fund disbursements, etc.).	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive Supplemental Security Income (SSI).	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive disability or death benefits other than Social Security.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive Public Assistance Income (examples: TANF, AFDC)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I am entitled to receive child support payments.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I am currently receiving child support payments. If yes, from how many persons do you receive support? _____	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I am currently making efforts to collect child support owed to me. List efforts being made to collect child support: _____ _____	
<input type="checkbox"/>	<input type="checkbox"/>	I receive alimony/spousal support payments	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive periodic payments from trusts, annuities, inheritance, retirement funds or pensions, insurance policies, or lottery winnings. If yes, list sources: 1) _____ 2) _____	\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive income from real or personal property.	(use <u>net</u> earned income) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	Student financial aid (public or private, not including student loans) Subtract cost of tuition from Aid received	\$ _____

Asset information

YES	NO		INTEREST RATE	CASH VALUE
<input type="checkbox"/>	<input type="checkbox"/>	I have a checking account(s). If yes, list bank(s) 1) 2)	% %	\$ \$
<input type="checkbox"/>	<input type="checkbox"/>	I have a savings account(s) If yes, list bank(s) 1) 2)	% %	\$ \$
<input type="checkbox"/>	<input type="checkbox"/>	I have a revocable trust(s) If yes, list bank(s) 1)	%	\$
<input type="checkbox"/>	<input type="checkbox"/>	I own real estate. If yes, provide description:		\$
<input type="checkbox"/>	<input type="checkbox"/>	I own stocks, bonds, or Treasury Bills If yes, list sources / bank names 1) 2) 3)	% % %	\$ \$ \$
<input type="checkbox"/>	<input type="checkbox"/>	I have Certificates of Deposit (CD) or Money Market Account(s). If yes, list sources / bank names 1) 2) 3)	% % %	\$ \$ \$
<input type="checkbox"/>	<input type="checkbox"/>	I have an IRA / Lump Sum Pension / Keogh Account / 401K. If yes, list bank(s) 1) 2)	% %	\$ \$
<input type="checkbox"/>	<input type="checkbox"/>	I have a whole life insurance policy. If yes, how many policies		\$
<input type="checkbox"/>	<input type="checkbox"/>	I have cash on hand.		\$
<input type="checkbox"/>	<input type="checkbox"/>	I have disposed of assets (i.e. gave away money / assets) for less than the fair market value in the past 2 years. If yes, list items and date disposed: 1) 2)		\$ \$

STUDENT STATUS

YES NO

<input type="checkbox"/>	<input type="checkbox"/>	Does the household consist of all persons who are <u>full-time</u> students (Examples: College/University, trade school, etc.)? Does the household consist of all persons who have been a <u>full-time</u> student in the previous 5 months? Does your household anticipate becoming an all full-time student household in the next 12 months?
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	If you answered yes to any of the previous three questions are you: <ul style="list-style-type: none"> • Receiving assistance under Title IV of the Social Security Act (AFDC/TANF/Cal Works - not SSA/SSI) • Enrolled in a job training program receiving assistance through the Job Training Participation Act (JTPA) or other similar program • Married and filing (or are entitled to file) a joint tax return • Single parent with a dependent child or children and neither you nor your child(ren) are dependent of another individual • Previously enrolled in the Foster Care program (age 18-24)
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	

UNDER PENALTIES OF PERJURY, I CERTIFY THAT THE INFORMATION PRESENTED ON THIS FORM IS TRUE AND ACCURATE TO THE BEST OF MY/OUR KNOWLEDGE. THE UNDERSIGNED FURTHER UNDERSTANDS THAT PROVIDING FALSE REPRESENTATIONS HEREIN CONSTITUTES AN ACT OF FRAUD. FALSE, MISLEADING OR INCOMPLETE INFORMATION WILL RESULT IN THE DENIAL OF APPLICATION OR TERMINATION OF THE LEASE AGREEMENT.

PRINTED NAME OF APPLICANT/TENANT_____
SIGNATURE OF APPLICANT/TENANT_____
DATE_____
WITNESSED BY (SIGNATURE OF OWNER/REPRESENTATIVE)_____
DATE

EXHIBIT C

FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

CASA NUEVA

The undersigned, being _____ of Casa Nueva II LP, a California limited partnership (the "Borrower") has read and is thoroughly familiar with the provisions of the various documents associated with the Borrower's participation in the Housing Authority of the City of San Diego (the "Issuer") Multifamily Housing Program, such documents including: (a) the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of January 1, 2024, between the Borrower and the Issuer (the "Regulatory Agreement"); and (b) the Loan Agreement, dated as of January 1, 2024, among the Borrower, JPMorgan Chase Bank, N.A., as Bondowner Representative, and the Issuer referred to in the Regulatory Agreement.

In connection with the foregoing, the undersigned does hereby certify that:

1. During the preceding reporting period (i) the Project were continually in compliance with the Regulatory Agreement, and (ii) (a) ____% of the units in the Project were occupied by Low Income Tenants (including units referenced in the succeeding clause (b), minimum of 40%) and (b) ____% of the units in the Project were occupied by Very Low Income Tenants (minimum of 10%).

2. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief.

Set forth below are the names of Low Income Tenants and Very Low Income Tenants who commenced or terminated occupancy during the preceding reporting period.

<u>Commenced Occupancy</u>	<u>Terminated Occupancy</u>
1.	1.
2.	2.

The units occupied by Low Income Tenants and Very Low Income Tenants are of similar size and quality to other units and are dispersed throughout the Project. Attached is a separate sheet listing the number of each unit and indicating which units are occupied by Low Income Tenants and Very Low Income Tenants, the size, the number of bedrooms of such units and the number of Low Income Tenants and Very Low Income Tenants who commenced occupancy of units during the preceding reporting period.

3. Select appropriate certification: [No unremedied default has occurred under the Regulatory Agreement or the Loan Agreement.] [A default has occurred under the _____. The nature of the default and the measures being taken to remedy such default are as follows: _____.]

4. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief.

Capitalized terms used in this Certificate and not otherwise defined herein have the meanings given to such terms in the Regulatory Agreement.

Date: _____

CASA NUEVA II LP,
a California limited partnership

By: _____

Its: _____

Unit No.	Low Income, Very Low Income or Market Unit	No. of Bedrooms	Rent	Total Eligible Income (for Low/Very Low Income Units)	Size (Sq. Ft.)
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Units: _____

Percentage of Low Income Units: _____

Percentage of Very Low Income Units: _____

Number of Low Income Tenants commencing occupancy this month: _____

Number of Very Low Income Tenants commencing occupancy this month: _____

EXHIBIT D

FORM OF COMPLETION CERTIFICATE

The undersigned hereby certifies that the acquisition and rehabilitation of the Project was substantially completed as of _____.

The undersigned hereby further certifies that:

(1) the aggregate amount disbursed on the Loan to date is \$_____;

(2) all amounts disbursed on the Loan have been applied to pay or reimburse the undersigned for the payment of Project Costs and none of the amounts disbursed on the Loan have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs;

(3) at least ninety-seven percent (97%) of the amounts disbursed on the Loan have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs, and less than 25 percent of such disbursements of the Loan have been used for the acquisition of land or an interest therein; and

(4) the Borrower is in compliance with the provisions of the Regulatory Agreement and the Loan Agreement.

Capitalized terms used in this Completion Certificate have the meanings given such terms in the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of January 1, 2024, each between Casa Nueva II LP, a California limited partnership and the Housing Authority of the City of San Diego.

CASA NUEVA II LP,
a California limited partnership

By: _____

Its: _____

EXHIBIT E
CDLAC RESOLUTION

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO. 23-185

A RESOLUTION TRANSFERRING A PORTION OF THE 2023 STATE CEILING
ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

WHEREAS, the California Debt Limit Allocation Committee ("CDLAC") is authorized to implement the volume limit for the state on private activity bonds established pursuant to federal law, annually determine a state ceiling on the aggregate amount of private activity bonds that may be issued, and allocate that aggregate amount among state and local agencies (Gov. Code, § 8869.81 et seq.); and

WHEREAS, CDLAC has received an application ("Application") from the Housing Authority of the City of San Diego ("Applicant") for the transfer to the Applicant of a portion of the 2023 state ceiling for use by the Applicant to issue bonds or other obligations ("Bonds") for Casa Nueva ("Project") as described in Exhibit A; and

WHEREAS, Casa Nueva II LP ("Project Sponsor") has represented and the Applicant has confirmed in the Application certain facts and information concerning the Project; and

WHEREAS, in evaluating the Project and allocating a portion of the state ceiling to the Applicant for the benefit of the Project, CDLAC staff has relied upon the written facts and information represented in the Application by the Project Sponsor and the Applicant; and

WHEREAS, it is consistent with CDLAC's statutes and regulations for CDLAC to transfer a portion of the 2023 state ceiling ("Allocation") to benefit the Project;

NOW, THEREFORE, BE IT RESOLVED by the California Debt Limit Allocation Committee the following:

Section 1. An amount of the 2023 state ceiling on the aggregate amount of private activity bonds equal to \$12,968,761.00 shall be transferred to the Applicant. This Allocation shall be used only by the Applicant and only for the issuance of the Bonds for the Project, as described in Exhibit A. The terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Exhibit A are hereafter referred to collectively as this "Resolution").

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds. The Project Sponsor and the Applicant, and all of their respective successors and assignees, shall be bound by those terms and conditions. The Applicant shall monitor the Project for compliance with the terms and conditions of this Resolution. The Project shall be subject to the monitoring provisions of California Code of Regulations, title 4, sections 10337(c) and 5220.

Section 3. A modification to the Project made prior to the issuance of the Bonds that impacts the Resolution shall be reported to the Executive Director and, if the Executive Director determines that modification to be material pursuant to CDLAC's statutes and regulations, the material modification shall be brought back to CDLAC for consideration before the Allocation may be used for the Project. After the Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by CDLAC through an action for specific performance or other available remedy.

In addition, after the Bonds are issued, a change to Items #1; #6; #7; #10; #11; #12; #14; #15; #16; #18 through #26, inclusive; and #37 of Exhibit A shall require CDLAC or Executive Director approval for the term of the commitment; a change to Items #2, #13, #17, and #27 of Exhibit A shall not be altered; a change to Items #3, #4, and #5 of the Exhibit A shall not require CDLAC or Executive Director approval, but an alteration shall be reported to CDLAC staff for the affordability period; a change to Items #8 and #9 of Exhibit A shall not require CDLAC notification; and a change to Items #28 through #36, inclusive, of Exhibit A shall require CDLAC or Executive Director approval only prior to the Project being placed in service by the California Tax Credit Allocation Committee (CTCAC) if the Bonds receive tax credits.

RESOLUTION NO. 23-185

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Section 4. A material change in the structure of the Bonds sale prior to the issuance of the Bonds and not previously approved by CDLAC shall require approval of the CDLAC Chair or the Executive Director.

Section 5. The transfer of the proceeds from the sale of the Bonds to a project other than the Project may be allowed only with the prior approval of the Executive Director in consultation with the CDLAC Chair.

Section 6. The Applicant is authorized to use the Allocation to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Allocation to any governmental unit in the State except to CDLAC.

Section 7. If the Applicant has not issued the Bonds pursuant to the Allocation by the close of business on February 19, 2024, the Applicant shall notify CDLAC and carry forward the Allocation to the next approved project to be awarded a bond allocation pursuant to California Code of Regulations, title 4, section 5133. In a case of extreme hardship, the Executive Director may extend this date by up to five (5) business days.

Section 8. Within twenty-four (24) hours of using the Allocation to issue the Bonds, the Applicant shall notify CDLAC at CDLAC@treasurer.ca.gov that the Allocation has been used. This notice shall identify the Applicant, the Project or qualified residential rental project, the date the Allocation was used, and the amount of the Allocation used.

Section 9. Within fifteen (15) calendar days of the Bonds closing, the Applicant or its counsel shall submit a completed "Report of Action Taken Regarding the Issuance of Private Activity Bonds", as made available by CDLAC.

Section 10. Differences between the amount of the Bonds issued and the amount of the Allocation granted in Section 1 shall be retained by the Applicant as required by 26 U.S.C. §146(f)(3)(A) regarding carryforward elections. The use of a Carryforward Allocation shall be consistent with California Code of Regulations, title 4, section 5133.

Section 11. CDLAC staff is directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy in the Applicant's official records for the term of the Bonds or the term of the income and rental restrictions, whichever is longer. CDLAC staff shall retain a copy of this Resolution in the files of CDLAC, or any successor agency, for the same term.

Section 12. In consideration of the Allocation, the Applicant and Project Sponsor shall comply with all the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. The Applicant and Project Sponsor shall expressly agree that the terms and conditions of this Resolution may be enforced by CDLAC through an action for specific performance or any other available remedy, provided CDLAC agrees not to take any action or enforce any remedy that would be materially adverse to the interests of Bondholders. The Applicant and Project Sponsor shall ensure the Bond documents, as appropriate, expressly state CDLAC is a third-party beneficiary of the terms and conditions set forth in this Resolution.

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Section 13. Either the “Certification of Compliance II for Qualified Residential Rental Projects” or “Certification of Compliance II for Non-Qualified Residential Rental Projects” shall be submitted by the Project Sponsor to the Applicant no later than March 1st annually until the Project's applicable “Certificate of Completion” has been submitted by the Project Sponsor to the Applicant. An “Annual Applicant Public Benefits and Ongoing Compliance Self-Certification” shall be annually submitted online by the Applicant to CDLAC until the applicable “Certificate of Completion” has been submitted by the Project Sponsor to the Applicant. Following the submission of the applicable “Certificate of Completion” to the Applicant, the applicable “Certification of Compliance II” shall be submitted by the Project Sponsor to the Applicant no later than March 1st, and no later than March 1st every three years thereafter, pursuant to California Code of Regulations, title 4 section 5144. Verification to CDLAC of income and rental information shall not be required prior to the submission of the applicable “Certificate of Completion.” A copy of the applicable “Certification of Compliance II” may be found at: <http://www.treasurer.ca.gov/cdlac/forms.asp>. Failure to submit compliance documents may result in disqualification from future participation for qualified residential rental projects.

Section 14. All relevant bond documents for the Bonds shall permit principal payments or prepayments on the underlying loan(s) as transferred proceeds in a bond preservation and recycling program as permitted by 26 U.S.C. 146(i)(6) and shall require no less than thirty (30) days’ notice to CDLAC and the Applicant prior to the redemption of the Bonds at conversion to permanent financing.

Section 15. This Resolution shall take effect immediately upon its adoption.

* * *
CERTIFICATION

I, Ricki Hammett, Deputy Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Paul Bonderson Building, 901 P Street, 1st Floor, Sacramento, California 95814, on August 23, 2023 with the following votes recorded:

AYES:	State Treasurer Fiona Ma, CPA Gayle Miller for Governor Gavin Newsom Evan Johnson for State Controller Malia M. Cohen
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NOES:	None
ABSTENTIONS:	None
ABSENCES:	None



Ricki Hammett, Deputy Executive Director

Date: August 23, 2023

RESOLUTION NO. 23-185

**QUALIFIED RESIDENTIAL RENTAL PROJECT
EXHIBIT A**

1. Applicant: Housing Authority of the City of San Diego
2. Application No.: 23-531
3. Project Sponsor: Casa Nueva II LP (Casa Nueva II LLC)
4. Property Management Co.: Solari Enterprises, Inc.
5. Project Name: Casa Nueva
6. Location: San Diego, CA
7. Private Placement Purchaser: **JPMorgan Chase Bank, N.A.**
Cash Flow Bond: **Not Applicable**

All units identified in the CDLAC resolution, including both the Federally Bond-Restricted Units and the Other Restricted Units, will be incorporated into the Bond Regulatory Agreement. Assumptions to be included in the Bond Regulatory Agreement regarding the Other Restricted Units will include the AMI as outlined in the CDLAC resolution, a limitation that tenants pay no more than 30% of their income and 1.5 persons per bedroom occupancy standard to determine the applicable rent.

Applicable

8. Public Sale: **Not Applicable**
Credit Enhancement Provider: **Not Applicable**
9. Total Number of Units: **51** plus **1** unrestricted manager unit(s)
10. Total Number of Restricted Rental Units: **51**
11. The term of the income and rental restrictions for the Project will be at least 55 years from the date 50% occupancy is achieved or when the project is otherwise placed in service.
12. The Regulatory Agreement shall not terminate prior to the end of the CDLAC Resolution affordability term in the event of foreclosure, exercise of power of sale, and/or transfer of title by deed in lieu of foreclosure in connection with a deed of trust directly or indirectly securing the repayment of Cash Flow Permanent Bonds.
13. The Project will utilize Gross Rents as defined in Section 5170 of the Committee's Regulations.
Applicable

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Exhibit A

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14. Income and Rental Restrictions

a. Federally Bond-Restricted Set-aside:

At least 40% of the total units will be restricted at 60% of the Area Median Income.

b. Other Restricted Units

For the entire term of the income and rental restrictions, the Project will have:

At least **45** Qualified Residential units rented or held vacant for rental for persons or families whose income is at or below 50% of the Area Median Income.

At least **6** Qualified Residential units rented or held vacant for rental for persons or families whose income is at 60% of the Area Median Income.

15. Units restricted to households with incomes no greater than **50%** of the Area Median Income in accordance with Section 5191(a) will be distributed as follows:

Applicable:

Two-bedroom: **3**

Three-bedroom: **3**

16. New Construction Pool Set-aside Requirements.

Homeless Set-aside: at least 25% of the Tax Credit Units are designated for homeless households as defined by CTCAC Regulation Section 10315(b)(1) with affordable rents consistent with Section 10325(g)(3).

Not Applicable

Homeless Set-aside Priority: 45% of the Tax Credit Units are designated for homeless households as defined by CTCAC Regulation Section 10315(b)(1) with affordable rents consistent with Section 10325(g)(3).

Not Applicable

Extremely Low Income/Very Low Income (ELI/VLI) Set-aside. The rent and income targeting restrictions must have an average of 50% area median income (AMI) or below.

Not Applicable

Mixed Income Set-aside. A Mixed Income Project is a New Construction Qualified Residential Rental Project which either (1) is not utilizing the Average Income test of Internal Revenue Code Section 42 (g)(1)(C) and which has 50% or fewer of its total units designated as Restricted Rental Units or; (2) is part of the California Housing Finance Agency Mixed-Income Program. In a Competitive Application Process, a Mixed Income Project may only apply for an allocation of tax-exempt bonds if the ratio of tax-exempt bonds, not including recycled bonds, to aggregate depreciable basis plus land basis is less than or equal to the ratio of units that will be restricted pursuant to a CCTCAC regulatory agreement.

Not Applicable

17. Minimum construction standards pursuant to CDLAC Regulation Section 5205 and Sections 10325(f)(7)(A) through (J) of the CTCAC Regulations will be incorporated into the project design for all new construction and rehabilitation projects.

Applicable

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18. For all acquisition and rehabilitation projects, a minimum of \$15,000 in hard construction costs will be expended for each unit.
Applicable
19. Other Rehabilitation Pool Requirements. The Project will comply with the requirement to complete rehabilitation work at a minimum of \$60,000 in hard construction cost per unit as defined in CTCAC Regulation Section 10302(u), subject to the provisions of Internal Revenue Code Section 42(e)(3)(A)(ii)(I), expended only on immediate health and safety improvements, seismic and accessibility improvements and/or the replacement of major systems with a remaining useful life of less than ten years pursuant to CDLAC Regulation Section 5170.
Applicable

The Project will comply with the Preservation and Other Rehabilitation Project Priorities of Section 5230(b).
Applicable
21. The Project will comply with the New Construction Density and Local Incentives of Section 5230(c). At a minimum, the Project must continue to meet the criteria sufficient to retain 0 points.
Not Applicable
22. The Project will comply with the Exceeding Minimum Income Restrictions of Section 5230(d). At a minimum, the Project must continue to meet the criteria sufficient to retain 20 points.
Applicable
23. The Project will comply with the Exceeding Minimum Rent Restrictions of Section 5230(e). At a minimum, the Project must continue to meet the criteria sufficient to retain 10 points.
Applicable
24. The Project will comply with the General Partner Experience requirements of Section 5230(f)(1). At a minimum, the Project must continue to meet the criteria sufficient to retain 7 points.
Applicable
25. The Project will comply with the Management Company Experience requirements of Section 5230(f)(2). At a minimum, the Project must continue to meet the criteria sufficient to retain 3 points.
Applicable
26. The Project will comply with the New Construction Housing Type requirement of Section 5230(g). At a minimum, the Project must continue to meet the criteria sufficient to retain 0 points as a Non-Targeted housing type.
Not Applicable
27. The Project will comply with the Leveraged Soft Resources requirements of Section 5230(h). At a minimum, the Project must continue to meet the criteria sufficient to retain 8 points.
Applicable
28. The Project will comply with the Readiness to Proceed requirements of Sections 5152 and 5230(i). At a minimum, the Project must continue to meet the criteria sufficient to retain 10 points.
Applicable

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29. The Project will comply with the Affirmatively Furthering Fair Housing requirements of Section 5230(j)(1)(A). At a minimum, the Project must continue to meet the criteria sufficient to retain 10 points.
Not Applicable
30. The Project will comply with the Affirmatively Furthering Fair Housing requirements of Section 5230(j)(1)(B). At a minimum, the Project must continue to meet the criteria sufficient to retain 9 points.
Not Applicable
31. For a period of fifteen (15) years after the Project is placed in use, the Project will provide residents high speed internet service in each Project unit free of charge.
Not Applicable
- 32a. For a period of fifteen (15) years after the Project is placed in use, the Project will provide residents a Service Coordinator. Service Coordinator responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or other enrichment activities for tenants (such as holiday events, tenant council, etc.).
Applicable
Hours per Year: 434
- 32b. For a period of fifteen (15) years after the Project is placed in use, the Project will provide residents instructor-led adult educational, health and wellness, or skill building classes. This includes, but is not limited to: Financial literacy, computer training, home-buyer education, GED classes, and resume building classes, ESL, nutrition class, exercise class, health information/awareness, art class, parenting class, on-site food cultivation and preparation classes, and smoking cessation classes. Drop-in computer labs, monitoring or technical assistance shall not qualify.
Applicable
Hours per Year: 60
33. Special Needs projects:
Additional Service Amenity Requirements.
Not Applicable

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Exhibit A

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34. The Project will comply with the Cost Containment requirements of Section 5230(l). At a minimum, the Project must continue to meet the criteria sufficient to retain 12 points.

Applicable

35. As specified in Section 5144(c) of the Committee's Regulations, sponsors will be required to utilize CTCAC's Compliance Manual specifically Section VI: Qualify Tenants for Low Income Housing Tax Credit Units, to verify tenant income in conjunction with initial occupancy. No less than every three (3) years after the project is completed, the Sponsor must collect and retain the following income and verification documentation related to all the Federally Bond-Restricted units identified in the Committee Resolution: CTCAC Tax Income Calculation (TIC) or equivalent documentation, all associated source income documentation, evidence of the verifying income computation and unit lease.

Applicable

36. As specified in Section 5144(d) of the Committee's Regulations, compliance with the income and rental requirements of the Federally Bond-Restricted Units identified in the Committee Resolution and the Bond Regulatory Agreement must be demonstrated by the Applicants initial review of 20% of all management files associated with the Federally Bond-Restricted units and subsequent review every three years of 20% of all management files associated with the Federally Bond-Restricted units.

Applicable

37. As specified in Section 5144(e) of the Committee's Regulations, applicants are required to ensure an onsite inspection as well as an on-site review of the 20% Federally Bond-Restricted units is performed every 3 years after the Qualified Project Period has commenced.

The following entity will conduct the site and file inspections:

Not Applicable

EXHIBIT F

STATISTICAL REPORT TO ISSUER

Project: Casa Nueva

Reporting Period: _____

Date: _____

As of the date hereof:

1. Total units: _____; units occupied by Low Income Tenants: _____; units occupied by Very Low Income Tenants: _____; vacant units most recently occupied by Low Income Tenants: _____; vacant units most recently occupied by Very Low Income Tenants: _____.

2. Total units occupied by households with children: _____; Low Income Units so occupied: _____; Very Low Income Units so occupied: _____.

3. Total units occupied by elderly households with a member of age 62 or over: _____; Low Income Units so occupied: _____; Very Low Income Units so occupied: _____.

4. The percentage of units currently occupied by white, black, Hispanic and Asian persons and American Indians are as follows (optional):

white	____%
black	____%
Hispanic	____%
Asian	____%
American Indian	____%

5. The number of Low Income Tenants who terminated their rental agreements during the previous twelve (12) month period is _____. The number of Very Low Income Tenants who terminated their rental agreements during the previous twelve (12) month period is _____.

6. The number of units rented to new Low Income Tenants during the last twelve (12) month period is _____. The number of units rented to new Very Low Income Tenants during the last twelve (12) month period is _____.

7. The family names of each household currently occupying a Low Income Unit are listed on the schedule attached hereto. The family names of each household currently occupying a Very Low Income Unit are listed on the schedule attached hereto.

8. The number of Low Income Units of various sizes is:

one-bedroom: _____
two-bedroom: _____
three-bedroom: _____

9. The number of Very Low Income Units of various sizes is:

one-bedroom: _____
two-bedroom: _____
three-bedroom: _____

Capitalized terms used in this Statistical Report to Issuer have the meanings given to such terms in the Regulatory Agreement and Declarations of Restrictive Covenants, dated as of January 1, 2024, between the Housing Authority of the City of San Diego and Casa Nueva II LP, a California limited partnership.

CASA NUEVA II LP,
a California limited partnership

By: _____

Its: _____

November 19, 2023

VIA EMAIL

Marguerite Middaugh, Esq.
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From: Paul J. Thimmig, Quint & Thimmig LLP, Bond Counsel

Re: Casa Nueva Financing

If the Housing Authority of the City of San Diego (the "Authority") adopts a resolution authorizing the issuance of the Housing Authority of the City of San Diego Multifamily Housing Revenue Bond (Casa Nueva), Series 2024B (the "Bond"), it is expected that the Bond will be sold and issued in January of next year.

The three primary legal documents for the Bond that are referenced in the Resolution of the Authority authorizing the issuance of the Bond (the "Resolution") currently contain a number of blanks that are related to various dates and other matters. The following table sets forth a summary of the blanks in the primary legal documents for the Bond referenced in the Resolution, and describes when, and by whom, the information will be provided in order to fill in the blanks. Note that this memorandum does not include reference to exhibits to the documents that represent forms to be used after the closing.

Document	Location of Blank	When Completed	Responsible Party
Indenture of Trust	<u>Section 1.01 - Definitions</u> <ul style="list-style-type: none">Closing DateInitial DisbursementMaturity Date	Prior to Closing	Bondowner Representative
	<u>Section 3.04</u> <ul style="list-style-type: none">Costs of Issuance Deposit Amount and CDIA Fee	Prior to Closing	Bondowner Representative
	<u>Exhibit A-1 – Form of Bond</u> <ul style="list-style-type: none">Issue Date	Prior to Closing	Bondowner Representative
Loan Agreement	No blanks		
Regulatory Agreement and Declaration of Restrictive Covenants	No blanks		

PJT:cra

19048.58;J19392



The City of San Diego
Item Approvals

Item Subject: Tax, Equity and Fiscal Responsibility Act Resolution for Casa Nueva,
Formerly Known as Hacienda Townhomes

Contributing Department	Approval Date
DOCKET OFFICE	11/13/2023
SUSTAINABILITY AND MOBILITY	11/13/2023
FINANCE	11/14/2023
ENVIRONMENTAL ANALYSIS	11/16/2023

Approving Authority	Approver	Approval Date
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	MARSHALL, SCOTT	11/13/2023
EXECUTIVE VICE PRESIDENT	DAVIS, JEFF	11/20/2023
CITY ATTORNEY	MIDDAUGH, MARGUERITE	11/22/2023