



SAN DIEGO
HOUSING
COMMISSION

REPORT TO THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

DATE ISSUED: January 11, 2024

REPORT NO: HAR24-002

ATTENTION: Chair and Members of the Housing Authority of the City of San Diego
For the Agenda of February 13, 2024

SUBJECT: Final Bond Authorization for Cuatro at City Heights

COUNCIL DISTRICT: 9

REQUESTED ACTION

Authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds, in an aggregate amount not to exceed \$47,111,000 and taxable bonds in an amount not to exceed \$30,000,000, to fund Cuatro at City Heights LP's construction of Cuatro at City Heights, a new 117-unit affordable rental housing development at three scattered sites at 4050 El Cajon Blvd. (Project 1), 3951 University Ave. (Project 2), and 4050 and 4102-4122 University Avenue (Project 3) in the City Heights neighborhood of San Diego, which will consist of 115 units affordable for 55 years for individuals and families earning 30 percent to 60 percent of San Diego's Area Median Income (AMI) and two unrestricted managers' units.

STAFF RECOMMENDATION

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

- 1) Authorize the issuance of tax-exempt Multifamily Housing Revenue Bonds in an aggregate amount not to exceed \$47,111,000 and taxable bonds in an amount not to exceed \$30,000,000 to fund Cuatro at City Heights LP's construction of Cuatro at City Heights, a new 117-unit affordable rental housing development at three scattered sites at 4050 El Cajon Blvd. (Project 1), 3951 University Ave. (Project 2), and 4050 and 4102-4122 University Ave. (Project 3) in the City Heights neighborhood of San Diego, which will consist of 115 units affordable for 55 years for individuals and families earning 30 percent to 60 percent of San Diego's Area Median Income (AMI) and two unrestricted managers' units.
- 2) Authorize the San Diego Housing Commission's (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	Parcel #1 – 4050 El Cajon Blvd. Parcel #2 – 3951 University Ave. Parcel #3 – 4050 University Ave. Parcel #4 – 4102-4122 University Ave.
Council District	Council District 9
Community Plan Area	City Heights Community Plan
Developer	Wakeland Housing and Development Corporation
Development Type	Acquisition and New Construction
Construction Type	Type V, four-story buildings (four buildings)
Parking Type	Four small, infill, Transit-Oriented Development (TOD) sites; seven parking spaces at the 4050 University Ave. site. No other parking, as all sites are in a TOD designated area.
Local Amenities	<u>Mass Transit:</u> Blue / Red (0.1 miles) Bus lines 1, 60, 215, 235 <u>Grocery:</u> North Park Produce (0.6 miles), Eagle Food Center (1.2 miles), Fairmount Supermarket (1.5 miles) <u>Schools:</u> Central Elementary (0.4 miles), Wilson Middle (0.3 miles), Herbert Hoover High (0.6 miles)
Housing Type	Affordable for families with low income, including large families, and veterans experiencing homelessness
Accessibility	Wheelchair accessibility in 10 percent of the units, and 4 percent of the units accessible to residents with visual and/or hearing impairment.
Lot Size	1.603 Acres (69,826 square feet)
Units	115 affordable units and two unrestricted manager’s unit
Density	73.125 dwelling units per acre (117 units ÷ 1.603 acres)
Unit Mix	26 studio units, 29 one-bedroom units, 33 two-bedroom units (including two managers’ units), and 29 three-bedroom units
Gross Building Area	132,958 square feet
Net Rentable Area	78,160 square feet
Project Based Housing Vouchers (PBV)	48 PBVs for individuals and families earning 30% to 60% of AMI who are not experiencing homelessness
Affordable Units in Service by Council District	Council District 9 includes 2,933 affordable rental housing units currently in service, which represents 11 percent of the 25,601 affordable rental housing units in service citywide.

Background

On April 6, 2023, the Housing Commission (Report No. HCR23-045; Resolution No. HC-1983) approved taking preliminary steps to authorize the issuance of up to \$50,000,000 of tax-exempt Multifamily Housing Revenue Bonds, to finance the new construction of Cuatro at City Heights and held a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986.

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).

The TEFRA regulations require that if the issuance of tax-exempt bonds finances multiple “projects” (as defined in the federal tax law regulations), the TEFRA hearing notice and approval must specify separately the maximum principal amount of such bonds to be issued to finance each project. Bond counsel has identified three “projects” for federal tax law purposes: parcel 1 (Project 1), parcel 2 (Project 2) and parcels 3 and 4 (collectively, Project 3).

- Project 1 will be financed by tax-exempt bonds in the maximum principal amount of \$9,413,179.
- Project 2 will be financed by tax-exempt bonds in the maximum principal amount of \$8,036,219.
- Project 3 will be financed by tax-exempt bonds in the maximum principal amount of \$29,661,602.

The total maximum principal amount of tax-exempt bonds to be issued will equal the \$47,111,000 tax-exempt bonds allocation the California Debt Limit Allocation Committee (CDLAC) approved on August 23, 2023. The California Tax Credit Allocation Committee (CTCAC) also approved a 4 percent tax credits allocation on August 23, 2023.

The Development

Cuatro at City Heights will be a 117-unit, new construction, scattered-site, mixed-use, transit-oriented development at three projects consisting of four scattered sites in the City Heights neighborhood in San Diego. The four infill, vacant sites are at 4050 El Cajon Blvd. 3951 University Ave., 4050 University Ave. and 4102-4122 University Ave., San Diego, CA 92105 (Attachment 1 –Site Map). Of the 115 affordable apartments, 85 units will be reserved as general affordable housing units for families with low income, including large families, consistent with CTCAC definitions and regulations, and 30 units will be reserved for veterans with low income experiencing homelessness. Of these 30 units, six will be reserved for veterans experiencing homelessness with a disabling condition. In addition, two units will be on-site managers’ units.

Cuatro at City Heights will include approximately 13,094 square feet of commercial space. City Heights Community Development Corporation will be relocating its offices to 3,356 square feet of commercial space at 4050 University Ave. United Women of East Africa will purchase the 9,738 square feet of commercial space at 4102-4122 University Ave. United Women of East Africa will partner with other local immigrant groups to make immigrant services available to the City Heights Community at one convenient location. The commercial cold shell development costs will be covered by the Commercial Tenant Contribution of approximately \$4.9 million. The tax-exempt bonds will not be used to finance the commercial portion of the development. Any tenant improvements expected to be made to the commercial portion will be the responsibility of the tenants. Tenant improvements are to be completed at a later date.

The ownership of the project will be structured utilizing a condo or air space parcel map structure to create separate legal parcels for each individual commercial space and the separate legal parcel for the residential portions of the project.

The development's unit amenities will include heating / air conditioning, refrigerator, oven, dishwasher, garbage disposal, blinds, computer access, and cable television rewiring. Site amenities will include: a lobby / mail room, bicycle storage room, large common room with kitchen, managers' offices and conference room, computer room, laundry room, and outdoor synthetic turf courtyards. The courtyards will include play areas with tot-lots with playhouses and climbing nets, tables and benches, and a barbecue area. Cuatro at City Heights will be four four-story, wood-frame buildings with exterior stucco and a concrete slab-on-grade foundation. The 117-unit development will consist of studio, one-, two- and three-bedroom units, along with associated common areas, parking and landscape improvements.

The Property

The Cuatro at City Heights sites are north and south of El Cajon Boulevard, east of Interstate 805, west of Fairmont Avenue, and south of Adams Avenue. All four sites are in the City Heights Community Planning Area, near bus service, grocery stores, pharmacies and healthcare options.

Services

City Heights Community Development Corporation (CHCDC) will provide resident services for all tenants. CHCDC's mission is to enhance the quality of life in City Heights. Founded in 1981 by a small group of local residents, CHCDC works in collaboration with neighborhood residents, focusing on improving the quality of life by focusing on social determinants of health, such as transit access, safe and walkable neighborhoods, and economic opportunities. As a place-based community development nonprofit, CHCDC is committed to advancing public infrastructure, small businesses, and policies that support low-income families. CHCDC will provide a full-time resident services coordinator at Cuatro at City Heights.

Through referral and advocacy, all residents will have assistance and access to a range of organized services free of charge. Tenant enrichment services include community activities, social events, celebrations and health and wellness classes. Case management services are one-on-one meetings designed to identify goals and meet the unique needs of families and individuals.

Supportive services for the 30 units set aside for veterans experiencing homelessness (HCD Veterans Housing and Homeless Prevention Program) will be provided by Interfaith Community Services (Interfaith) and are included in the operating budget. Founded in 1979 as a direct response to the rising rates of hunger and homelessness in North San Diego County, Interfaith works to break the cycle of poverty and homelessness by "helping people help themselves." Defined as a Service Provider by the State of California's Veterans Housing and Homeless Prevention (VHHP) program, Interfaith commits to provide and assess the need for the following services for veteran clients. The local U.S. Department of Veterans Affairs office will be providing in-kind services to the 30 VHHP units. Services include on-site case management and service coordination; Homeless Management Information System (HMIS) entry; and local Coordinated Entry System (CES) administration; benefits counseling; mental, primary and preventative health care; substance use treatment services; educational services; employment services; life skills training; peer support and advocacy; resources for legal services; social and recreational services; financial counseling; and transportation assistance.

Developer’s Request

In response to the Housing Commission’s Fiscal Year (FY) 2022 Notice of Funding Availability (NOFA), Wakeland Housing and Development Corporation (Wakeland) submitted an application for federal Project-Based Housing Vouchers (PBV) for the Cuatro at City Heights development. On January 21, 2022, Housing Commission staff provided a preliminary recommendation of award of 48 PBVs for the development.

Prevailing Wages

Cuatro at City Heights’ proposed use of 48 U.S. Department of Housing and Urban Development PBVs, which the Housing Commission administers, will require the development to pay federal prevailing wages. Since a reservation for state Multifamily Housing Program funds has been secured, state prevailing wages are also required. Wakeland will be subject to paying the higher prevailing wage rate of the two (federal and state).

Appraisal

An appraisal for each of the four subject sites with an effective date of February 10, 2023, valued the properties at a total of \$11,845,000 assuming current market conditions. Assuming the proposed affordable housing restrictions, the properties were appraised at \$8,794,550. The developer obtained the appraisals, which The Dore Group conducted. The appraisals for each parcel are detailed below:

Parcel	Project	Current Market Conditions	Assumed Affordable Restrictions
Parcel #1	Project #1	\$2,540,000	\$1,903,607
Parcel #2	Project #2	\$2,075,000	\$1,384,468
Parcel #3	Project #3	\$4,500,000	\$2,776,475
Parcel #4	Project #3	\$2,730,000	\$2,730,000

Relocation

The subject properties are vacant. No relocation is necessary.

Accessibility

CTCAC requires wheelchair accessibility in 10 percent of the units, and an additional 4 percent of the units are required to have communication features for residents with visual and/or hearing impairment. The same units can satisfy both accessibility requirements. The Cuatro at City Heights units will be accessible in accordance with the Americans with Disabilities Act and Section 504.

Project Sustainability

Cuatro at City Heights will be constructed in conformance with CTCAC minimum energy efficiency standards. The development’s features will include Energy Star-rated efficient appliances and a solar component for the common area’s electrical load. Water efficiency and conservation has been incorporated into the development’s design, including low-flow fixtures and drought-resistant landscaping. The development has been designated LEED Gold.

Development Team

During the tax credit compliance period, Cuatro at City Heights will be owned by Cuatro at City Heights LP, a California limited partnership (a single-asset limited partnership) consisting of Cuatro at

City Heights LLC as the Managing General Partner, and US Bank as the tax credit limited partner (Attachment 2 – Organization Chart).

Wakeland, the developer, is a nonprofit that develops and operates affordable and supportive housing. Since 1998, Wakeland has developed more than 7,900 affordable homes at 56 properties throughout California.

Table 2 Development Team Summary

ROLE	FIRM/CONTACT
Developer	Wakeland Housing and Development Corporation
Owner/Borrower	Cuatro at City Heights LP
Managing General Partner	Cuatro at City Heights LLC
Administrative General Partner	Cuatro at City Heights LLC
Tax Credit Investor Limited Partner	US Bank
Architect	Studio E Architects
General Contractor	Allgire General Contractors
Property Management	ConAm Management Corporation
Construction and Permanent Lender	Banner Bank
Tenant Services Providers	<u>Lead Service Provider (LSP):</u> City Heights Community Development Corporation <u>Service Provider for Veterans (VHHP):</u> Interfaith Community Services

Property Management

Cuatro at City Heights will be managed by ConAm Management Corporation (ConAm). Established in 1975, ConAm is a nationwide management company, based in San Diego, with a management portfolio of approximately 53,000 units in more than 26 metropolitan areas. It is experienced in property management, marketing, maintenance, renovations and tax credit developments. ConAm manages 24 developments for Wakeland.

FINANCING STRUCTURE

Cuatro at City Heights has an estimated total development cost of \$99,096,133 (\$846,975 per unit). Financing will include a combination of sources as described in Table 3. The developer’s pro forma is included as Attachment 3 and summarized below. No Housing Commission cash loan funds are proposed for Cuatro at City Heights.

Table 3 – Cuatro at City Heights Estimated Permanent Sources and Uses

Permanent Financing Sources	Amounts	Permanent Financing Uses	Amounts	Per Unit
Bond Financed Permanent Loan	\$6,901,000	Land Acquisition & Closing Costs	\$7,240,000	\$61,880
City of San Diego Loan	4,000,000	Design & Engineering	4,286,000	36,632
Accrued Deferred Interest – City of San Diego	159,000	Legal / Financial / Consultants	335,000	2,863
¹ VHHP (HCD)	8,443,317	Permits & Fees	3,000,000	25,641
² MHP (HCD)	22,155,752	Construction Costs	58,861,967	503,094
³ IIG – GP Loan (HCD)	5,343,300	Financial Costs	10,657,328	91,088
⁴ FHLBSF AHP	1,000,000	Marketing / Administrative	150,000	1,282

Deferred Developer Fee	8,400,000	Developer’s Fee	10,600,000	90,598
GP Capital Contribution (Commercial)	4,913,212	Hard Cost Contingency	2,919,598	24,954
Limited Partner Capital Contribution	37,780,452	Soft Cost Contingency	453,000	3,872
		Reserves	593,240	5,070
Total Development Cost	\$99,096,133	Total Development Cost (TDC)	\$99,096,133	\$846,975

- ¹ VHHP (*Veterans Housing and Homelessness Prevention*)
- ² MHP (*Multifamily Housing Program*)
- ³ IIG (*Infill Infrastructure Grant*)
- ⁴ FHLBSF AHP (*Federal Home Loan Bank of San Francisco's Affordable Housing Program*)
- ⁵ HCD (*California Department of Housing & Community Development*)

Developer Fee

\$10,600,000 – Gross developer fee
 - 8,400,000 – Minus deferred developer fee
 \$ 2,200,000– Net cash developer fee

The proposed developer fee complies with the Housing Commission’s developer fee guidelines.

Development Cost Key Performance Indicators

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

Table 4 - Key Performance Indicators

Development Cost Per Unit	$\$99,096,133 \div 117 \text{ units} =$	\$846,975
Housing Commission Subsidy Per Unit	$\$0 \div 117 \text{ units} =$	\$0
Land Cost Per Unit	$\$4,984,000 \div 117 \text{ units} =$	\$42,598
Gross Building Square Foot Hard Cost	$\$58,391,967 \div 132,958 \text{ sq. ft.} =$	\$439
Net Rentable Square Foot Hard Cost	$\$58,391,967 \div 78,160 \text{ sq. ft.} =$	\$747

The total hard cost of \$58,391,967 includes costs of residential and two commercial spaces (cold shell only, approximately 13,094 square feet).

When the commercial space is removed from the project’s total development cost, the cost per unit decreases to \$804,982. The tax-exempt bonds proceeds will not be used to cover the commercial space. When consolidating the residential and commercial space, the total per unit cost is \$846,975.

Cuatro at City Heights’ non-residential portion will be funded with taxable bond proceeds, tax credit equity proceeds, and a General Partner Commercial Contribution. The tax-exempt bonds proceeds may not be used to fund the non-residential commercial/office space.

Project Comparison Chart

Multiple factors and variables influence the cost of developing multifamily affordable housing, including but not limited to project location, site conditions, environmental factors, land use approval process, community involvement, construction type, design requirements/constraints, economies of scale, City fees,

developer experience and capacity, and the mission and goals of the organization developing the project. Similar construction-type developments (completed or approved) over recent years are listed in Table 5.

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

Table 5 - Comparable Development Projects

New Construction Project Name	Year	Units	Total Development Cost	Cost Per Unit	HC Subsidy Per Unit	Gross Hard Cost Per Sq. Ft.
Proposed Subject – Cuatro at City Heights	2024	117	\$99,096,133 (with prev. wage)	\$846,975	\$0	\$439
Rancho Bernardo Transit Village	2023	100	\$90,943,122 (with prev. wage, commercial component)	\$909,431	\$0	\$331
Iris at San Ysidro	2023	100	\$66,209,153 (with prev. wage)	\$662,902	\$23,000	\$348

Cuatro at City Heights’ \$846,975 development cost per unit is higher than a typical multifamily rental housing development because of various factors, including:

- Uncertain interest rates, while interest rates are beginning to decline as a whole, they are still significantly higher than 1-2 years prior.
- Construction costs, including code changing and inflation, have significantly increased in the past year.
- Changes to the building design have increased the permits and fees to cover additional review and to expedite the City of San Diego’s process.
- Necessary increase in the contingency budget to compensate for increasing interest and construction costs.
- The project triggers the higher of federal or state prevailing wage rates as a result of the funding sources for the development.
- Volatility in the insurance market has increased the insurance costs.
- Due to the mixed-use zoning, the Cuatro at City Heights design will include commercial/office space.

TAX EXEMPT AND TAXABLE MULTIFAMILY HOUSING REVENUE BONDS

Proposed Housing Bonds Financing

The Housing Commission utilizes the Housing Authority’s tax-exempt borrowing status to pass on lower interest rate financing (and make 4 percent low-income housing tax credits available) to developers of affordable rental housing. The Housing Authority’s ability to issue bonds is limited under the U.S. Internal Revenue Code. To issue bonds for a development, the Housing Authority must first submit an application to CDLAC for a bond allocation. On April 6, 2023, prior to submitting applications to CDLAC, the proposed development was presented to the Housing Commission Board. A bond inducement resolution was obtained prior to the application submittal to CDLAC. On May 23, 2023, an application was submitted to CDLAC for a bond allocation of up to \$47,111,000. On August 23, 2023, CDLAC approved the \$47,111,000 bond allocation, and CTCAC approved an allocation of 4 percent tax credits. The developer proposes that the bonds be issued through a tax-exempt private

placement bond issuance. The bonds will meet all requirements of the Housing Commission's Multifamily Housing \$30,000,000 in taxable obligations, which do not require an allocation from CDLAC.

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

Public Disclosure and Bond Authorization

The tax-exempt debt will be issued in the form of a bond (issuance Series C-1) and will be sold through a direct purchase by Banner Bank. The taxable debt will be in the form of a bond (issuance Series C-2) which will also be purchased by Banner Bank.

Banner Bank is a "qualified institutional buyer" within the meaning of the U.S. securities laws. At closing, Banner Bank will sign an Investor's Letter, certifying, among other things, that it is buying each of the bonds for their own account and not for public distribution. Because such 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.

Under the direct purchase structure for the bonds, Banner Bank will make a tax-exempt and taxable loan to the Housing Authority pursuant to the terms of a Funding Loan Agreement among Banner Bank, the Housing Authority, and US Bank as the Fiscal Agent. The loans made by Banner Bank to the Housing Authority (Funding Loan) will be evidenced by separate bonds, which will obligate the Housing Authority to pay Banner Bank the amounts it receives from the Borrower, as described below. The Housing Authority and the Borrower will enter into a Borrower Loan Agreement pursuant to which the proceeds of the Funding Loan will be advanced to the Borrower. In return, the Borrower agrees to pay the Fiscal Agent amounts sufficient for the Fiscal Agent to make payments on the bonds.

Under the direct purchase structure for the bonds, bonds will be issued under a Trust Indenture between the Housing Authority and US Bank as the Trustee (which will be the same institution as the Fiscal Agent for the bonds). The bonds will be payable from residual project revenues. bond proceeds will be loaned by the Housing Authority to the Borrower under a Loan Agreement.

The Housing Authority's obligation to make payments on the bonds is limited to amounts the Fiscal Agent and Trustee receive from the Borrower under the Borrower Loan Agreement with respect to the bonds and the Loan Agreement with respect to the bonds, and no other funds of the Housing Authority are pledged to make payments on the bonds. The transfer of the bonds to any subsequent purchaser will comply with Housing Commission's "Bond Issuance and Post-Issuance Compliance Policy" (policy number PO300.301). Moreover, any subsequent bondholder will be required to represent to the Housing Authority that it is a qualified institutional buyer or accredited investor who is buying such bonds for investment purposes and not for resale, and it has made do investigation of any material information necessary in connection with the purchase of the bonds.

The following documents will be executed on behalf of the Housing Authority with respect to the bonds: the Funding Loan Agreement, the Borrower Loan Agreement, the Assignment of Deed of Trust,

the Regulatory Agreement, the Loan Agreement and Trust Indenture, and other ancillary loan documents. At the time of docketing, documents in substantially final form will be presented to members of the Housing Authority. Any changes to the documents following Housing Authority approval require the consent of the City Attorney's Office and Bond Counsel. The bonds will be issued pursuant to the Funding Loan Agreement and the Trust Indenture. Based upon instructions contained in the Funding Loan Agreement and the Borrower Loan Agreement, Banner Bank will disburse the bond proceeds for eligible costs and will, pursuant to an assignment from the Housing Authority, receive payments from the Borrower. Bond proceeds will be disbursed by the Trustee pursuant to the direction of the Borrower.

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

Financial Advisor's Recommendation

Jones Hall will be the Bond Counsel. Public Financial Management (PFM) will be the Bond Financial Advisor. The Financial Advisor's analysis and recommendation is at Attachment 5.

AFFORDABLE HOUSING IMPACT

Project-Based Vouchers (PBV)

The Housing Commission has provided a preliminary award recommendation of 48 PBVs for Cuatro at City Heights, which are for households earning 30 percent to 60 percent of AMI. The recommendation for these vouchers is contingent upon completion of a subsidy layering review, execution of an Agreement to Enter into Housing Assistance Payment and verification of services. Under the PBV program, the tenant's rent portion is determined by using the applicable minimum rent or a calculated amount based on their income level, whichever is higher, with the remainder being federally subsidized up to a gross rent level approved by the Housing Commission. The Housing Assistance Payment provides a rental subsidy for residents in Cuatro at City Heights' 48 voucher-assisted units. The PBV units will be: 10 studio units, 11 one-bedroom units, 14 two-bedroom units and 13 three-bedroom units. The tenants will be selected from the Housing Commission's low-income PBV Wait List.

Affordability

The Cuatro at City Heights development will be subject to applicable tax credit and bond regulatory agreements, which will restrict affordability of 115 units for 55 years. CTCAC's required rent and occupancy restrictions will apply

Table 6 – Affordability and Monthly Estimated Rent Table

Unit Type	AMI	Units	CTCAC Gross Rents
Studio	30% (Currently \$28,950/ year for a one-person household)	11	\$723
Studio	40% (Currently \$38,600/ year for a one-person household)	3	\$965
Studio	50% (Currently \$48,250/ year for a one-person household)	10	\$1,206
Studio	60% (Currently \$57,900/ year for a one-person household)	2	\$1,447
Subtotal Studio Units		26	
One bedroom	30% (Currently \$33,100/ year for a two-person household)	13	\$775
One bedroom	40% (Currently \$44,100/ year for a two-person household)	3	\$1,034
One bedroom	50% (Currently \$55,150/ year for a two-person household)	12	\$1,292
One bedroom	60% (Currently \$66,180/ year for a two-person household)	1	\$1,551
Subtotal One Bedroom Units	--	29	
Two bedrooms	30% (Currently \$37,250/ year for a three-person household)	8	\$930
Two bedrooms	40% (Currently \$49,600/ year for a three-person household)	3	\$1,241
Two bedrooms	50% (Currently \$62,050/ year for a three-person household)	10	\$1,551
Two bedrooms	60% (Currently \$74,460/ year for a three-person household)	10	\$1,861
Subtotal Two Bedroom Units	--	31	
Three bedrooms	30% (Currently \$41,350/ year for a four-person household)	8	\$1,075
Three bedrooms	40% (Currently \$55,100/ year for a four-person household)	3	\$1,433
Three bedrooms	50% (Currently \$68,900/ year for a four-person household)	9	\$1,791
Three bedrooms	60% (Currently \$82,680/ year for a four-person household)	9	\$2,150
Subtotal Three Bedroom Units	--	29	--
Manager's two-bedrooms unit	--	2	
Total Units	--	117	--

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: (\$47,111,000 [Tax-exempt] + \$30,000,000 [Taxable]) x 0.0025 = \$192,777.50

Total Funding Sources – up to \$192,777.50

Funding uses approved by this action

Administrative costs - \$192,777.50

Total Funding Uses - up to \$192,777.50

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

Development Schedule

The estimated development timeline is as follows:

<u>Milestones</u>	<u>Estimated Dates</u>
<ul style="list-style-type: none">• Housing Authority consideration of bond authorization• Estimated bond issuance and escrow/loan closing• Estimated start of construction work• Estimated completion of construction work	<ul style="list-style-type: none">• February 13, 2024• February 2024• March 2024• November 2025

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

The Housing Commission’s Strategic Plan for Fiscal Year (FY) 2022-2024 includes the following statement regarding the Housing Commission’s commitment to equity and inclusivity: “At SDHC, we are about people. SDHC embraces diverse approaches and points of view to improve our programs, projects and policies. We believe in delivering programs and services in innovative and inclusive ways. We are committed to advancing equity and inclusion both internally and externally.”

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.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS

On November 5, 2018, Wakeland Housing and Development Corporation presented the proposed development as an action item to the City Heights Area Planning Committee. The community-planning group voted 11-4-1 to approve the motion supporting the project.

KEY STAKEHOLDERS and PROJECTED IMPACTS

Stakeholders include Wakeland as the developer, the Housing Commission as a proposed lender, Banner Bank as a proposed lender, the City Heights neighborhood and the families that will reside at the development. The development is anticipated to have a positive impact on the community as it will contribute to the quality of the surrounding neighborhood, contribute to a better quality of life for the proposed development’s tenants, and create 115 new affordable rental homes for families.

STATEMENT for PUBLIC DISCLOSURE

The developer's Disclosure Statement is at Attachment 6.

ENVIRONMENTAL REVIEW

California Environmental Quality Act

The proposed activity to authorize the issuance of tax-exempt Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds to fund Cuatro at City Heights LP's construction of Cuatro at City Heights, a new 117-unit affordable rental housing scattered site development at 4050 El Cajon Boulevard and 3951, 4050 and 4102-4122 University Avenue South has been reviewed for consistency with and is covered in the Final Environmental Impact Report (EIR) for Mid-City Communities Plan Update (Project No. 98-8207/SCH No. 1998031095) which was certified by City Council Resolution No. R-290608 on August 4, 1998. This activity is a subsequent discretionary action within the scope of the development program analyzed in the EIR and is therefore not considered to be a separate project for the purposes of CEQA review pursuant to CEQA Guidelines Sections 15378(c) and 15060(c)(3). Pursuant to Public Resources Code Section 21166 and CEQA Guidelines Section 15162, there is no change in circumstance, additional information, or project changes to warrant additional environmental review for this action.

National Environmental Policy Act

Federal funds constitute a portion of the funding for this project. An Environmental Assessment is being processed in accordance with the requirements of the National Environmental Policy Act (NEPA). The parties agree that the provision of federal funds as a result of this action is conditioned on the approval of the Environmental Assessment by the City of San Diego and the receipt of Authority to Use Grant Funds from the U.S. Department of Housing and Urban Development. Final authorization to utilize grant funds is expected to be received from HUD prior to beginning construction.

Respectfully submitted,

Jennifer Kreutter

Jennifer Kreutter
Vice President
Multifamily Housing Finance
Real Estate Division

Approved by,

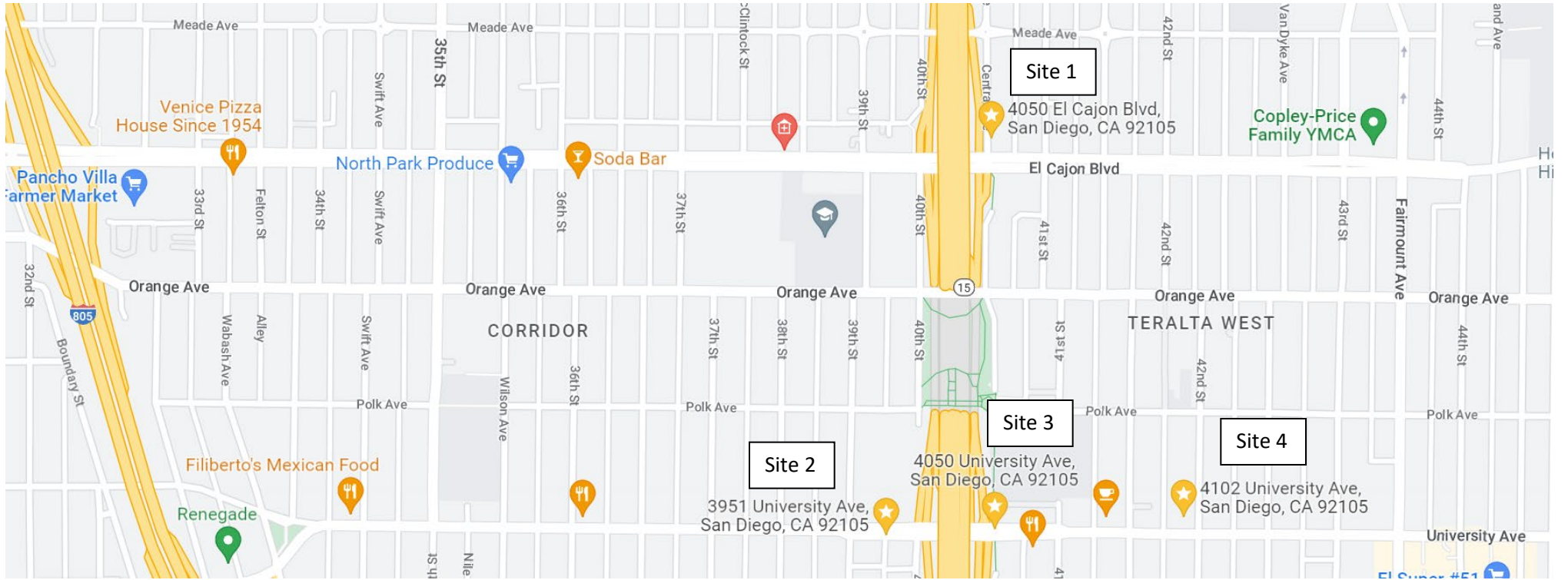
Jeff Davis

Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

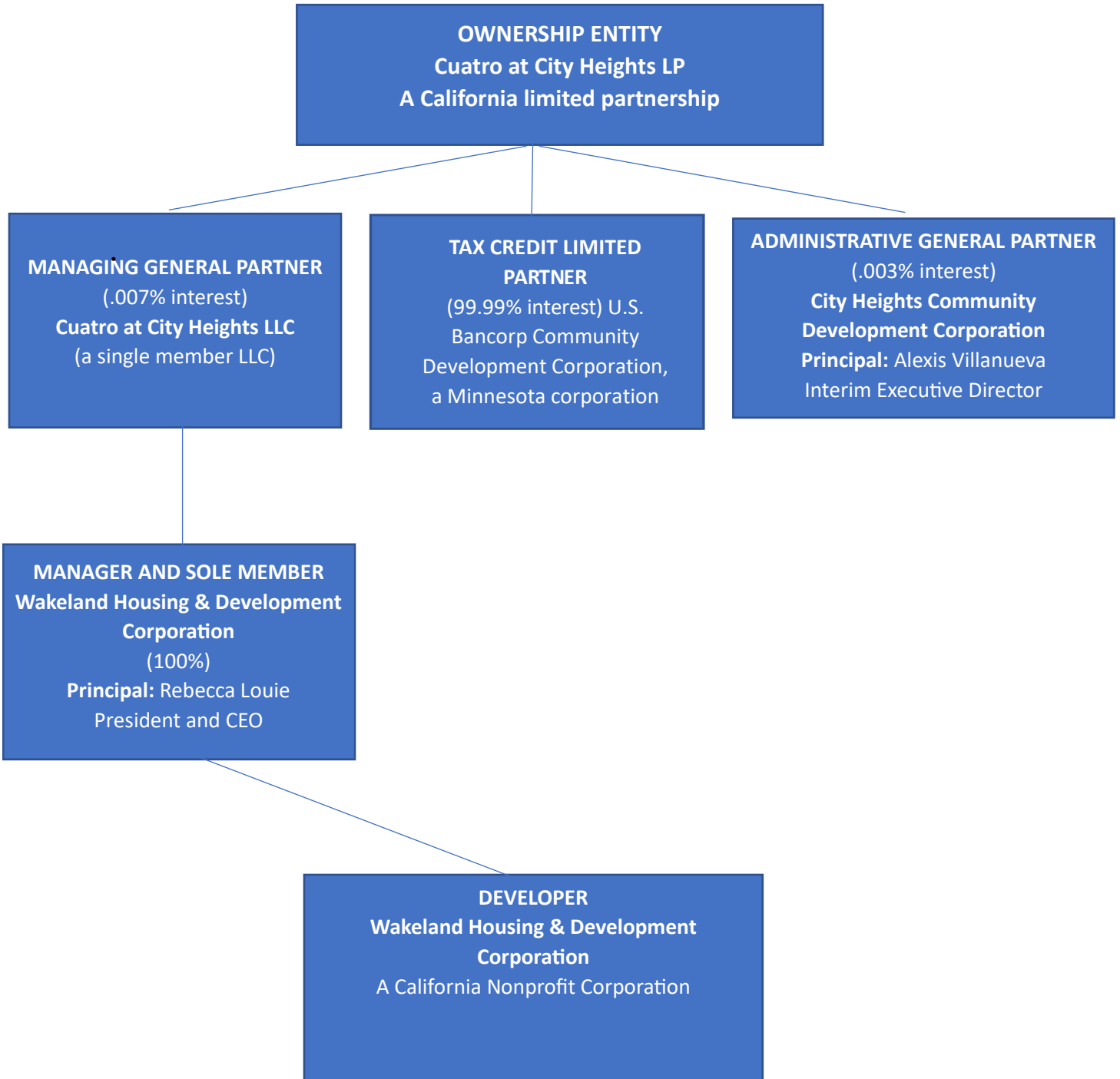
- Attachments: 1) Site Map
2) Organization Chart
3) Developer's Project Pro Forma
4) Bond Program Summary
5) Financial Advisor's Analysis
6) Developer's Disclosure Statement

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



OWNERSHIP ORGANIZATIONAL CHART POST CLOSING



Cuatro at City Heights

Prepared For:	Wakeland Housing and Development Corporation
Prepared By:	California Housing Partnership Corporation
Version:	4.2 Closing
Revised:	12/6/2023
Filename:	Cuatro at City Heights 4.2 Closing 120623.xlsm

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SOURCES OF FUNDS - PERMANENT

	AMOUNT	TOTAL INTEREST COST	OID INTEREST RATE	AMORT (Yr)	COMMENTS
Permanent Loan - Tax-Exempt	6,901,000	6.093%		35.0	<i>Total Permanent Debt: 6,901,000</i>
City of San Diego	4,000,000	3.000%	1.788%	55.0	<i>Term - 17 (yrs.) Index - 10Y T - 4.110% Spread - 310 bps Multiplier: 80%</i>
Accrued Deferred Interest - City of San Diego	159,000				<i>Per Unit:</i>
HCD VHHP	8,443,317	3.000%	1.903%	55.0	<i>Per Unit: 72,165</i>
HCD MHP	22,155,752	3.000%	1.903%	55.0	<i>Per Unit: 189,365</i>
HCD IIG (GP Loan)	5,343,300	0.000%	0.000%	55.0	<i>Per Unit: 45,669</i>
FHLBSF AHP	1,000,000	0.000%	0.000%	55.0	<i>Per Unit: 8,547</i>
Deferred Developer Fee	8,400,000	0.000%	0.000%		<i>Priority: 1,300,000 Non-Priority: 7,100,000</i>
Capital Contributions					
General Partner (Developer Fee)	0				<i>LP equity from non-priority + contributed fee: 3,299,002</i>
GP Capital - Commercial Space Sale	4,913,212				
GP Capital - Sponsor	100				
Limited Partners	37,780,452				<i>Fed LIHTC: \$0.9400 State LIHTC: \$0.8600</i>
TOTAL SOURCES	99,096,133				<i>Net Fed Price for TCAC \$0.93652</i>
<i>Surplus/(Shortfall)</i>	<i>0</i>				<i>Synd Costs 140,000</i>
					<i>Net Equity for TCAC 37,640,452</i>

PERMANENT LOAN INTEREST RATE	TRANCHE A	TRANCHE B	INVESTOR EQUITY STACK	OTHER ASSUMPTIONS
Index - 10Y T	4.110%	4.110%	LIHTC Equity (Federal+Sta) 37,780,452	Current AFR: 5.03%
Spread	3.100%	3.100%	Historic Tax Credit 0	AFR Month: Dec-23
Cushion	0.250%	0.250%	Investment Tax Credit (Sol) 0	AFR Cushion: 0.00%
Multiplier	80%	0.000%	Subtotal LP Equity 37,780,452	Total U/W AFR: 5.03%
Issuer	0.125%	0.125%	CA Certificated Credit Sale 0	
Trustee	0.000%	0.000%	Total Investor Equity 37,780,452	
Total	6.093%	7.585%		
<i>All-In Interest Rate (excl. bond fees):</i>		5.968%		

SOURCES OF FUNDS - CONSTRUCTION

	AMOUNT	INTEREST RATE	TERM (Mos.)	COMMENTS
Construction Loan - Tax-Exempt	47,111,000	8.270%	28	
Construction Loan - Taxable	22,923,641	8.670%	28	
City of San Diego	4,000,000	3.000%	28	
Accrued Deferred Interest - City of San Diego	159,000			
HCD IIG (GP Loan)	4,808,970	0.000%	28	<i>10% withheld to conversion</i>
FHLBSF AHP	1,000,000	0.000%	28	
Costs Deferred Until Conversion	2,001,210			<i>See page 2 - right column</i>
Deferred Developer Fee	8,400,000			
Capital Contributions				
General Partner (Developer Fee)	0			
GP Capital - Commercial Space Sale	4,913,212			
GP Capital - Sponsor	100			
Limited Partners*	3,779,000			<i>Total Equity During Const. 3,779,000 10.00%</i>
TOTAL SOURCES	99,096,133			<i>Syndication Costs 140,000</i>
<i>Surplus/(Shortfall)</i>	<i>0</i>			<i>Net Equity for TCAC 3,639,000</i>
Sources Less Deferred To Conversion:	97,094,923			

CONSTRUCTION LOAN INTEREST RATE	CONSTRUCTION LOAN VALUATION	TAX-EXEMPT BOND DATA
Index Type: 1M Term SOFR	Restricted NOI 717,873	50% Test (see Page 7): 53.30%
Current Index: 5.370%	OAR 5.00%	Issuer Inducement: 50,000,000
Spread: 1.650%	FMV per NOI 14,357,468	CDLAC Allocation: 47,111,000
Base Interest Rate (not including cushi) 7.020%	Agg. Credit Value @ 0.9399 37,780,452	Percent of CDLAC Allocator 100.00%
Cushion - Total 1.250%	Perm-Only Soft Debt 31,133,399	Const-only portion: 40,210,000
Interest Rate (All-In) 8.270%	Total Value 83,271,319	
	LTV: 80.00%	CDLAC Per-Unit Limit 67,021,000
Cushion includes:	Max. Const. Loan Amount 66,617,055	CDLAC 55% Limit 48,609,446
Bank Underwriting 1.000%	Commitment Amount TBD	50% Test Target 55.00%
Increase to Close 0.250%		Target Limit 48,609,446

Cuatro at City Heights

Developer Fee Calculation

Version: 4.2 Closing

TCAC DEVELOPER FEE LIMITS

	ACQUISITION	CONSTRUCTION	COMMERCIAL	TOTAL
Eligible Basis less Developer Fee	0	71,209,645	23,501	
Percentage of Basis in Fee	15.00%	15.00%	15.00%	
Total Developer Fee per Basis Limits	0	10,681,447	3,525	10,684,972
Developer Fee Cap per Regulations				10,684,972
Net Allowable Total Fee				10,684,972
Base Cash Developer Fee Limit				2,500,000
Large Project Boost				340,000
BIPOC Boost				0
Total Base Cash Fee Limit				2,840,000
Net Allowable Total Fee				10,684,972
Net Allowable Cash Fee				2,840,000
Fee Included in TCAC Application				8,695,369

OTHER APPLICABLE FEE LIMITS

	CASH FEE LIMIT	PRIORITY DDF LIMIT	TOTAL FEE LIMIT
Fee Limit per HCD	2,200,000	1,300,000	10,684,972
Fee Limit per City of San Diego	N/A	N/A	N/A
Fee Limit per Owner	2,200,000	1,300,000	10,600,000

MOST RESTRICTIVE FEE LIMITS

Total Developer Fee Limit	10,600,000
Total Cash Fee Limit	2,200,000
Total Priority Deferred Fee Limit	1,300,000

ALLOCATION OF DEVELOPER FEE

	ACQUISITION	CONSTRUCTION	TOTAL
Pct. of Potential Fee per Basis Limits	0.00%	100.00%	100.00%
Allocation of Total Developer Fee	0	10,600,000	10,600,000

CASH DEVELOPER FEE BREAKOUT AND PAYMENT SCHEDULE

Total Developer Fee	10,600,000		
Total Cash Fee Paid	2,200,000		
Non-Cash Fee per Program Limits	8,400,000		
Non-Cash Fee per Funding Gap	0		
Total Non-Cash Fee	8,400,000		
	AMOUNT	% OF CASH FEE	% OF TOTAL FEE
Construction Close	880,000	40.00%	8.30%
50% Completion	0	0.00%	0.00%
Completion	0	0.00%	0.00%
Conversion	1,210,000	55.00%	11.42%
Final LP Pay-in 1	110,000	5.00%	1.04%
Total Cash Fee	2,200,000		
Plus: Priority Developer Fee	1,300,000		12.26%
Plus: Non-Priority DDF	7,100,000		66.98%
Plus: GP Capital	0		0.00%
Total Developer Fee	10,600,000		

Cuatro at City Heights

Unit Mix & Rental Income										Version: 4.2 Closing				
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AVERAGE AFFORDABILITY FOR LIHTC UNITS (% of Median)	43.91%
9% TCAC INCOME TARGETING PTS:	50.00
RENT LIMITS AS OF YEAR:	2023

UTILITY ALLOWANCES	0BR	1BR	2BR	3BR	4BR	5BR
Cuatro at City Heights	110	130	181	230	-	-
Site 2	-	-	-	-	-	-
Site 3	-	-	-	-	-	-
Site 4	-	-	-	-	-	-
Site 5	-	-	-	-	-	-

RESIDENTIAL INCOME

LIHTC - Tier 1 Cuatro at City Heights <i>RDA</i> 30% AMI % of Units: 13.04%										NOT SUBSIDIZED					
Unit Type	Qty	Unit Floor Area	Actual Rent TCAC AMI %	Actual Rent HSC AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent	Number of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income
0BR	7	467	25.4%	30.0%	613	503	503	3,521	42,252	0	0	0	0	0	42,252
1BR	8	594	25.4%	28.1%	657	527	527	4,216	50,592	0	0	0	0	0	50,592
TOTAL	15	VHHP						7,737	92,844	0			0	0	92,844

LIHTC - Tier 2 Cuatro at City Heights <i>RDA</i> 30% AMI % of Units: 21.74%										SDHC HCV SUBSIDIZED					
Unit Type	Qty	Unit Floor Area	Actual Rent TCAC AMI %	Actual Rent HSC AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent	Number of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income
0BR	4	467	25.4%	30.0%	613	503	503	2,012	24,144	4	1,144	641	2,564	30,768	54,912
1BR	5	594	25.4%	28.1%	657	527	527	2,635	31,620	5	1,260	733	3,665	43,980	75,600
2BR	8	773	25.4%	30.0%	788	607	607	4,856	58,272	8	1,617	1,010	8,080	96,960	155,232
3BR	8	1,028	25.4%	31.2%	910	680	680	5,440	65,280	8	2,300	1,620	12,960	155,520	220,800
TOTAL	25							14,943	179,316	25			27,269	327,228	506,544

LIHTC - Tier 3 Cuatro at City Heights <i>TCAC</i> 40% AMI % of Units: 10.43%										SDHC HCV SUBSIDIZED					
Unit Type	Qty	Unit Floor Area	Actual Rent TCAC AMI %	Actual Rent HSC AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent	Number of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income
0BR	3	467	40.0%	47.2%	965	855	855	2,565	30,780	3	1,144	289	867	10,404	41,184
1BR	3	594	40.0%	44.3%	1,034	904	904	2,712	32,544	3	1,260	356	1,068	12,816	45,360
2BR	3	773	40.0%	47.2%	1,241	1,060	1,060	3,180	38,160	3	1,617	557	1,671	20,052	58,212
3BR	3	1,028	40.0%	49.1%	1,433	1,203	1,203	3,609	43,308	3	2,300	1,097	3,291	39,492	82,800
TOTAL	12							12,066	144,792	12			6,897	82,764	227,556

LIHTC - Tier 4 Cuatro at City Heights <i>TCAC</i> 50% AMI % of Units: 13.04%										NOT SUBSIDIZED					
Unit Type	Qty	Unit Floor Area	Actual Rent TCAC AMI %	Actual Rent HSC AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent	Number of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income
0BR	7	467	50.0%	59.0%	1,206	1,096	1,096	7,672	92,064	0	0	0	0	0	92,064
1BR	8	594	50.0%	55.3%	1,292	1,162	1,162	9,296	111,552	0	0	0	0	0	111,552
TOTAL	15	VHHP						16,968	203,616	0			0	0	203,616

LIHTC - Tier 5 Cuatro at City Heights <i>TCAC</i> 50% AMI % of Units: 9.57%										SDHC HCV SUBSIDIZED					
Unit Type	Qty	Unit Floor Area	Actual Rent TCAC AMI %	Actual Rent HSC AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent	Number of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income
0BR	3	467	50.0%	59.0%	1,206	1,096	1,096	3,288	39,456	3	1,144	48	144	1,728	41,184
1BR	3	594	50.0%	55.3%	1,292	1,162	1,162	3,486	41,832	3	1,260	98	294	3,528	45,360
2BR	3	773	50.0%	59.0%	1,551	1,370	1,370	4,110	49,320	3	1,617	247	741	8,892	58,212
3BR	2	1,028	50.0%	61.3%	1,791	1,561	1,561	3,122	37,464	2	2,300	739	1,478	17,736	55,200
TOTAL	11							14,006	168,072	11			2,657	31,884	199,956

LIHTC - Tier 6 Cuatro at City Heights <i>TCAC</i> 50% AMI % of Units: 13.04%										NOT SUBSIDIZED					
Unit Type	Qty	Unit Floor Area	Actual Rent TCAC AMI %	Actual Rent HSC AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent	Number of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income
0BR	0	467	50.0%	59.0%	1,206	1,096	1,096	0	0	0	0	0	0	0	0
1BR	1	594	50.0%	55.3%	1,292	1,162	1,162	1,162	13,944	0	0	0	0	0	13,944
2BR	7	773	50.0%	59.0%	1,551	1,370	1,370	9,590	115,080	0	0	0	0	0	115,080
3BR	7	1,028	50.0%	61.3%	1,791	1,561	1,561	10,927	131,124	0	0	0	0	0	131,124
TOTAL	15							21,679	260,148	0			0	0	260,148

LIHTC - Tier 7 Cuatro at City Heights <i>TCAC</i> 60% AMI % of Units: 19.13%										NOT SUBSIDIZED					
Unit Type	Qty	Unit Floor Area	Actual Rent TCAC AMI %	Actual Rent HSC AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent	Number of Subsidized Units	Per Unit Net Subsidy Rents	Per Unit Subsidy Increment	Total Monthly Subsidy	Total Annual Subsidy	Total Annual Income
0BR	2	467	60.0%	70.8%	1,447	1,337	1,337	2,674	32,088	0	0	0	0	0	32,088
1BR	1	594	60.0%	66.3%	1,550	1,420	1,420	1,420	17,040	0	0	0	0	0	17,040
2BR	10	773	60.0%	70.8%	1,861	1,680	1,680	16,800	201,600	0	0	0	0	0	201,600
3BR	9	1,028	60.0%	73.6%	2,150	1,920	1,920	17,280	207,360	0	0	0	0	0	207,360
TOTAL	22							38,174	458,088	0			0	0	458,088

Staff Units - Site Cuatro at City Heights									
Unit Type	Qty	Unit Floor Area	Actual Rent TCAC AMI %	Actual Rent HSC AMI %	Per Unit Monthly Gross Rent	Per Unit Regulatory Net Rent	Per Unit Actual Net Rent	Total Monthly Net Rent	Total Annual Net Rent
2BR	2	773	0.0%	0.0%	0	0	0	0	0
TOTAL	2							0	0

Attachment 3 - Proforma

TOTAL RESIDENTIAL INCOME													
	Total Monthly Qty	Total Monthly Net Rent	Total Annual Net Rent	Monthly SDHC HCV Income	Annual SDHC HCV Income	Monthly Subsidy B Income	Annual Subsidy B Income	Monthly Subsidy C Income	Annual Subsidy C Income	Monthly Subsidy D Income	Annual Subsidy D Income	Grand Total Income	Total Floor Area
LIHTC	115	125,573	1,506,876	36,823	441,876	0	0	0	0	0	0	1,948,752	83,143
Non-LIHTC	0	0	0	0	0	0	0	0	0	0	0	0	0
Staff Units	2	0	0	0	0	0	0	0	0	0	0	0	1,546
TOTAL	117	125,573	1,506,876	36,823	441,876	0	0	0	0	0	0	1,948,752	84,689

MISCELLANEOUS INCOME			
	Per Unit Per Month	Monthly Total	Annual Total
Laundry / Vending	12.11	1,417	17,000
Other	0.00	0	0
Parking	0.00	0	0
TOTAL	12.11	1,417	17,000

SUBSIDIZED UNIT MIX SUMMARY						
Unit Type	Units With SDHC HCV	Units With Subsidy B	Units With Subsidy C	Units With Subsidy D	Units Without Subsidy	Total Units
0BR	10	0	0	0	16	26
1BR	11	0	0	0	18	29
2BR	14	0	0	0	19	33
3BR	13	0	0	0	16	29
TOTAL	48	0	0	0	69	117

TOTAL ALL TYPES					
Unit Type	Cuatro at City Heights	Site 2	Site 3	Site 4	Site 5
0BR	26	0	0	0	0
1BR	29	0	0	0	0
2BR	33	0	0	0	0
3BR	29	0	0	0	0
TOTAL	117	0	0	0	0

Calculation of Tax Credits Version: 4.2 Closing

	FEDERAL			CALIFORNIA		
	ACQUISITION	CONST/ REHAB	TOTAL	ACQUISITION	CONST/ REHAB	TOTAL
TOTAL ELIGIBLE COSTS	0	81,309,810	81,309,810	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	0	81,309,810	81,309,810	0	0	0
Threshold Basis Limit			135,259,904			
TBL: Exclude GP Cap/DDF for 4%/State			0			
REQUESTED UNADJUSTED ELIGIBLE BASIS (For Tiebreaker)	0	81,309,810	81,309,810	0	0	0
HIGH COST ADJUSTMENT (Y or N)	Y	100.0%	123.59%	100.0%	100.0%	
	Partial QCT 2023					
ADJUSTED ELIGIBLE BASIS	0	100,489,981	100,489,981	0	0	0
APPLICABLE FRACTION*	100.0%	100.0%		100.0%	100.0%	
QUALIFIED CREDIT BASIS	0	100,489,981	100,489,981	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	0	4,019,599	4,019,599			
Credit Rate Locked? YES						
Jan-21						
MAX. CREDIT AMOUNT PER TCAC UNDERWRITING						
Annual Federal / Yr 1 State	0	4,019,599	4,019,599	0	0	0
Yr 2 State				0	0	0
Yr 3 State				0	0	0
Yr 4 State				0	0	0
Total				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	N/A	N/A	N/A	N/A	N/A	N/A
MAXIMUM ALLOWABLE CREDITS (Lesser of above)						
Annual Federal / Total State	0	4,019,599	4,019,599			0
UNADJUSTED ELIGIBLE BASIS AT MAX CREDIT AMOUNT	0	81,309,805	81,309,805			
UNADJUSTED BASIS EXCLUDED AT MAX CREDIT AMOUNT	(0)	5	5			
MAXIMUM ALLOWABLE - TEN YEAR TOTAL			40,195,990			0

TOTAL STATE + FEDERAL LIHTC AMOUNTS - 10 YEARS			
Total Federal + State		40,195,990	Blended Credit Request: 4,019,599
General Partner Share	0.01%	4,020	Est. 125% Target for San Diego Co.: N/A
Limited Partner Share	99.99%	40,191,970	Credit Request Under / (Over) Geographic Region: N/A

FIRST YEAR CREDIT CALCULATION (Federal)							
Actual Basis Method?	N	Acquisition	Rehab/NC	"A" Bldgs: Acq	Rehab/NC	"B" Bldgs: Acq	Rehab/NC
Maximum Potential Federal Credit w/ Actual Basis-Annual		0	4,019,599	0	4,019,599	0	0
Wgt Avg Lease-up (from Page 7)				100.0%	100.0%	0.0%	0.0%
Maximum Potential Prorated Credit w/ Actual Basis				0	4,019,599	0	0
TCAC Credit Reservation-Annual		0	4,019,599	0	4,019,599	0	0
First Year Credit (Lesser of Above)				0	4,019,599	0	0

PARTIAL HIGH COST ADJUSTMENT	
Total Eligible Basis	81,309,810
Less: basis-eligible 100% DDA/QCT costs	(0)
Less: basis-eligible 100% non-DDA/QCT costs	(0)
Total Shared Eligible Basis	81,309,810
DDA/QCT percentage	78.63%
Shared Basis eligible for 130% boost	63,933,904
Plus: 130% * basis-eligible 100% DDA/QCT cost	0
Total Basis eligible for 130% boost	63,933,904
Total Boosted Basis	83,114,075
Total Basis ineligible for 130% boost	17,375,906
Total Adjusted Eligible Basis	100,489,981

*APPLICABLE FRACTION				
	Number of Units	Fraction	Total Sq Ft	Fraction
LIHTC	115	100.0000%	83,143	100.0000%
Non-LIHTC	0	0.0000%	0	0.0000%
TOTAL	115	100.0000%	83,143	100.0000%
Applicable Fraction		100.0000%		
<i>(Lesser of Low Income Units or Sq Ft %)</i>				

Cuatro at City Heights

Base Year Income & Expense

Version: 4.2 Closing

INCOME		
Scheduled Gross Income - Residential		1,506,876
Total Gross Subsidy Income - SDHC HCV		441,876
Misc. Income		17,000
Vacancy Loss - Residential	5.0%	(76,194)
Vacancy Loss - SDHC HCV	5.0%	(22,094)
EFFECTIVE GROSS INCOME		1,867,464
EXPENSES - RESIDENTIAL		
Administrative		
Advertising	700	
Legal	1,200	
Accounting/Audit	23,232	
Security	58,968	
Other: Office Exp, Comms, Payroll Svcs, Auto Exp, Training, Travel, Misc	14,460	
Total Administrative		98,560
Management Fee		84,240
Utilities		
Gas	0	
Electricity	98,280	
Water/Sewer	84,240	
Total Utilities		182,520
Payroll/Payroll Taxes		
On-Site Manager/Office Admin	84,000	
Maintenance Payroll	78,000	
Manager Unit Expense/(Credit)	0	
Payroll Taxes/Benefits	67,740	
Total Payroll/Payroll Taxes		229,740
Insurance		81,900
Maintenance		
Painting	7,020	
Repairs	13,200	
Trash Removal	35,100	
Exterminating	21,060	
Grounds	24,000	
Elevator	15,000	
Other Maint, Janitorial	45,060	
Total Maintenance		160,440
Other		
Misc. Tax/License	2,946	
Total Other		2,946
Resident Services		
Resident Services	132,685	
Supportive Services	108,060	
Total Resident Services		240,745
Replacement Reserve		58,500
Real Estate Taxes		10,000
TOTAL EXPENSES - RESIDENTIAL		1,149,591
<i>Per Unit Per Annum (incl. Reserves)</i>	9,826	
<i>Per Unit Per Annum (w/o taxes/res/svc)</i>	7,182	
<i>TCAC Minimum (w/o taxes/res/svc)</i>	5,700	
NET AVAILABLE INCOME		717,873
Less: Mandatory Annual HCD Payment (Grossed Up for DSCR Factor)	1.15	(147,794)
Less: Ground Lease - Minimum Payment		0
Less: City of San Diego Monitoring Fee		(17,550)
ADJUSTED NET AVAILABLE INCOME: TOTAL		552,530
ADJUSTED NET AVAILABLE INCOME: NET OF OP SUBSIDY		132,748
Debt Service Coverage Ratio		1.15
AVAILABLE FOR DEBT SERVICE (NET OF OP SUBSIDY)		115,433
AVAILABLE FOR DEBT SERVICE (OP SUBSIDY OVERHANG)		365,028
NET AVAILABLE INCOME AFTER SENIOR DEBT SERVICE		72,069

Cuatro at City Heights

Mortgage Calculation/Bond Ratios

Version: 4.2 Closing

TRANCHE A

Uses baseline year NOI; includes annual fees
 Financing Type: Permanent Loan - Tax-Exempt

	Underwriting Constraint	Maximum Loan Amount		
Debt Service Coverage	1.15	6,901,786	Rate:	5.968%
Lender Commitment		NA	Term (mths):	420
			NOI for DS:	<u>552,530</u>
MAXIMUM MORTGAGE		6,901,786	Max PMT @ DSCR:	480,461
			Annual Fees:	<u>10,000</u>
			Annual DS Payment:	470,461

INTEREST RATE STACK	TRANCHE A	SELECTED
Index - 10Y T	4.1100%	4.1100%
Spread	3.1000%	3.1000%
Cushion	0.2500%	0.2500%
Multiplier	<u>80%</u>	<u>80%</u>
Subtotal All-In Rate	5.9680%	5.9680%
Issuer	0.1250%	0.1250%
Trustee	<u>0.0000%</u>	<u>0.0000%</u>
Total Rate Equivalent for Loan Sizing	6.0930%	6.0930%
DCR	1.15	1.15

LOAN AMOUNT COMPARISON	TRANCHE A	SELECTED
TRANCHE A	6,901,786	6,901,786
TRANCHE B	0	0
221(d)(4)	6,662,555	0

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	26	522,000	13,572,000
	One BR	29	544,000	15,776,000
Series A Bonds	6,901,000	Two BR	33	580,500
Series B Bonds	0	Three BR	29	638,500
Short Term Bonds (Construction Loan Portion)	<u>40,210,000</u>	Four BR or More	0	671,500
TOTAL TAX-EXEMPT FINANCING	47,111,000			
			TOTAL	67,021,000
TOTAL BASIS + LAND ALLOCATION	88,380,812		Potential Bond Size	47,111,000
			Over/(Under)	(19,910,000)
Percent Tax-Exempt Financing	53.30%			

Lease-Up / Placed-in-Service Schedule

Version: 4.2 Closing

SCHEDULE

Table with columns: Dates, Months to Milestones, Cumulative Months. Rows: Start of Construction, Completion, 100% Occupancy, Conversion, Form(s) 8609.

LIHTC SCHEDULE

LIHTC SCHEDULE - SINGLE BUILDING / MULTIPLE BUILDINGS - GROUP A. Table with columns: Month, Total QO by Month, Total Vacated by Month, Cumulative Occupancy, Cumulative Occupancy %.

LIHTC SCHEDULE - 2/3 CREDITS

LIHTC SCHEDULE - SINGLE BLDG / MULTIPLE BLDGS - GROUP A. Table with columns: Month, No. Units, Percent.

OPERATIONS SCHEDULE

OPERATIONS SCHEDULE - YEAR 0. Table with columns: Month, No. Units, Percent.

MULTIPLE BUILDINGS - GROUP B

MULTIPLE BUILDINGS - GROUP B. Table with columns: Month, Total QO by Month, Total Vacated by Month, Cumulative Occupancy, Cumulative Occupancy %.

MULTIPLE BUILDINGS - GROUP B

MULTIPLE BUILDINGS - GROUP B. Table with columns: Month, No. Units, Percent.

YEAR 1 (cumulative)

YEAR 1 (cumulative) 2026. Table with columns: Month, No. Units, Percent.

PIS SCHEDULE FOR ACQ BASIS DEPRECIATION

PIS SCHEDULE FOR ACQ BASIS DEPRECIATION. Table with columns: Month, No. Units, Bldg. PIS by Month Dep. Percent.

PIS SCHEDULE FOR REHAB/NC BASIS DEPRECIATION

PIS SCHEDULE FOR REHAB/NC BASIS DEPRECIATION. Table with columns: Month, Building No., No. Units, Percent.

PIS SCHEDULE FOR SITEWORK/PERS. PROP. DEPRECIATION

PIS SCHEDULE FOR SITEWORK/PERS. PROP. DEPRECIATION. Table with columns: Month, Building No., No. Units, Percent.

Cuatro at City Heights

Calculation of Net Syndication Proceeds

Version: 4.2 Closing

			<u>As of Closing</u>
Total Federal Credit (10 yr) & State Credit		40,195,990	0
<i>Total Federal Credit</i>	40,195,990		0
<i>Total State Credit</i>	0		0
Gross Proceeds (Total)		37,780,452	0
<i>Gross Proceeds - Federal Credit</i>	37,780,452		0
<i>Gross Proceeds - State Credit</i>	0		0
Gross Proceeds (net of Energy/Historic Credit Proceeds)		37,780,452	0
Less: LP Syndication Costs			
Attorney	15,000		
Accountant	25,000		
Consulting	100,000		
Other:			
Total Syndication Costs		140,000	0
Total Syndication Costs/Gross Proceeds		0.37% (Syndication Load)	0.00000%
Net Proceeds		37,640,452	0
Net Proceeds/Total Fed and State Credit		0.936423 tax credit price	0.00000
Gross Proceeds (Total)/Total Fed and State Credit		0.939906 tax credit price	0.00000
Gross Proceeds - Federal/State Disaggregated			
Federal		0.940000 tax credit price	1.00000
State		0.860000 tax credit price	0.70000
Net Proceeds - Federal/State Disaggregated			
Federal		0.936423 tax credit price	0.00000
State		- tax credit price	0.00000
Total Equity			
Gross Proceeds from LIHTC	37,780,452		
Gross Proceeds from Energy Credit	0		
Gross Proceeds from Historic Credit	0		

Cuatro at City Heights

TCAC Calculations & Scoring	Version: 4.2 Closing
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THRESHOLD BASIS LIMIT						
County:	San Diego		TCAC Project #:	CA-23-563		
9% or 4% credits:	4%		CDLAC Project #:	23-563		
Year:	2023					
Base Limits for Geographic Region			Threshold Basis Limit for This Project			
Unit Type	9%	4%	Unit Type	# Units	Per Unit Basis Limit	Total
0 BR	353,173	353,173	0 BR	26	353,173	9,182,498
1 BR	407,205	407,205	1 BR	29	407,205	11,808,945
2 BR	491,200	491,200	2 BR	33	491,200	16,209,600
3 BR	628,736	628,736	3 BR	29	628,736	18,233,344
4 BR	700,451	700,451	4 BR	0	700,451	0
5 BR	700,451	700,451	5 BR	0	700,451	0
			<u>117</u>			<u>55,434,387</u>
Energy/Resource Efficiency Boosts			Additional Basis Adjustments			
Renewables (50% tot./90% area)	0%		Boost for Prevailing Wage	20.0%		
Renewables (75% CA/90% area)	0%		Boost for Project Labor Agreement	0.0%		
Title 24 + 15%	0%		Boost for Parking beneath Units	0.0%		
Post-rehab improvement > 80%	0%		Boost for Childcare	0.0%		
Greywater landscaping	0%		Boost for 100% Special Needs	0.0%		
Community gardens > 60 s.f.	0%		Boost for elevator service	10.0%		
Natural flooring kitchens	0%		Boost for Type I construction	0.0%		
Natural flooring common area	0%		Boost for Type III construction	0.0%		
EPA Indoor Air Plus Program met	0%		Subtotal Boost	30.0%		16,630,316
Subtotal Efficiency (Max 10%)	0%		Boost for Energy / Resource Efficiency	0.0%		0
			Toxic/Seismic Abatement Costs	0.0%		0
			Local Development Impact Fees			0
			High Opportunity Area	0%		0
			BONDS: Boost for units ≤ 50% AMI (excl. CA credit project)	1.0%		25,499,818
			BONDS: Boost for units ≤ 35% AMI (excl. CA credit project)	2.0%		37,695,383
			Total Threshold Basis Limit			135,259,904
			Potential Eligible Basis			81,309,810
			Eligible Basis Surplus/(Deficit)			53,950,094

TCAC HIGH COST TEST			
	Federal Credit	CA State Credit	HCD 2017 UMR
Total Eligible Basis	81,309,810	81,309,810	81,309,810
Total Adjusted TBL	135,259,904	72,064,703	72,064,703
Percentage of ATBL	60.11%	112.83%	112.83%
Amount Over/(Under) 130% Limit (160% Limit for HCD)	(94,528,065)	(12,374,304)	(33,993,715)

TCAC 9% POINTS						
Lowest Income Points						
Rural Project?	N					
Number of Targeted Tax Credit Units	Percent of Area Median Income (AMI) (30% - 55%)	Percentage of Units to Total Units (before rounding down)	Percent of Income Targeted Units to Total Tax Credit Units (exclusive of mgr units)	Points Earned		
0	20	0.00	0	0		
40	30	34.78	30	45		
0	35	0.00	0	0		
12	40	10.43	10	10		
0	45	0.00	0	0		
41	50	35.65	35	17.5		
0	50	0.00	0	0	<i>Rural Projects Only</i>	
0	55	0.00	0	0		
93						
Total Lowest Income Points (No Cap)				72.5		
Total Lowest Income Actual Points				50		
Lowest Income Bonus Points					<i>Total @ 30% AMI Required for Points 12</i>	
Bedroom Selection	Total Number of Tax Credit Units per Bedroom Size	Number of Targeted Tax Credit Units @ 30% AMI	Percentage of Units to Total Units (by bedroom size)	10% by Unit Type	Minimum Units Required at / below 30% AMI	
5 BR	0	0	0.0000	0.0000	0.0000	Pass
4 BR	0	0	0.0000	0.0000	0.0000	Pass
3 BR	29	8	0.2759	3.0000	3.0000	Pass
2 BR	31	8	0.2581	4.0000	4.0000	Pass
1 BR	29	13	0.4483	3.0000	3.0000	Pass
SRO	26	11	0.4231	3.0000	2.0000	Pass
Total	115	40				
Total Lowest Income Bonus Points				2		

Cuatro at City Heights

Version: 4.2 Closing																			
Credit Period Year:	(1)	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Net Cash Flow Fee Accruals																			
LP ASSET MGT. FEE																			
Beginning Accrual Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current Year LP Asset Mgt. Fee	-	500	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829	8,063	8,305	8,555	8,811	9,076	9,348	9,628	9,917
Total Payment	-	(500)	(6,180)	(6,365)	(6,556)	(6,753)	(6,956)	(7,164)	(7,379)	(7,601)	(7,829)	(8,063)	(8,305)	(8,555)	(8,811)	(9,076)	(9,348)	(9,628)	(9,917)
Ending Accrual Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Potential LP Asset Mgt. Fee:	6,000	Inflator:		3.00%															
Potential LP Asset Mgt. Fee:	0	500	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829	8,063	8,305	8,555	8,811	9,076	9,348	9,628	9,917
PRIORITY DEF. DEVELOPER FEE																			
Beginning Accrual Balance	-	-	1,300,000	915,307	820,917	718,245	607,477	488,818	362,491	228,739	87,827	-	-	-	-	-	-	-	-
Current Year DDF Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Payment	-	-	(384,693)	(94,390)	(102,672)	(110,768)	(118,659)	(126,328)	(133,752)	(140,912)	(87,827)	-	-	-	-	-	-	-	-
Ending Accrual Balance	-	-	915,307	820,917	718,245	607,477	488,818	362,491	228,739	87,827	-	-	-	-	-	-	-	-	-
Potential Priority Def. Developer Fee:	0	Interest Rate:		0.00%															
Potential Priority Def. Developer Fee:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GP PARTNERSHIP MGT. FEE																			
Beginning Accrual Balance	-	-	-	25,750	52,273	79,591	107,728	136,710	166,562	197,308	228,978	201,640	80,893	-	-	-	-	-	-
Current Year GP Partnership Mgt. Fee	-	2,083	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619	33,598	34,606	35,644	36,713	37,815	38,949	40,118	41,321
Total Payment	-	(2,083)	-	-	-	-	-	-	-	-	(59,957)	(154,345)	(115,499)	(35,644)	(36,713)	(37,815)	(38,949)	(40,118)	(41,321)
Ending Accrual Balance	-	-	25,750	52,273	79,591	107,728	136,710	166,562	197,308	228,978	201,640	80,893	-	-	-	-	-	-	-
Potential GP Partnership Mgt. Fee:	25,000	Inflator:		3.00%															
Potential GP Partnership Mgt. Fee:	0	2,083	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619	33,598	34,606	35,644	36,713	37,815	38,949	40,118	41,321
NON-PRIORITY DEF. DEVELOPER FEE																			
Beginning Accrual Balance	-	-	7,100,000	7,100,000	7,100,000	7,100,000	7,100,000	7,100,000	7,100,000	7,100,000	7,100,000	7,100,000	7,100,000	7,077,465	7,012,070	6,944,472	6,874,896	6,803,582	6,730,786
Current Year DDF Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Payment	-	-	-	-	-	-	-	-	-	-	-	-	(22,535)	(65,395)	(67,598)	(69,576)	(71,314)	(72,796)	(74,005)
Ending Accrual Balance	-	-	7,100,000	7,100,000	7,100,000	7,100,000	7,100,000	7,100,000	7,100,000	7,100,000	7,100,000	7,100,000	7,077,465	7,012,070	6,944,472	6,874,896	6,803,582	6,730,786	6,656,780
Potential Non-Priority Def. Developer F0	0	Interest Rate:		0.00%															
Potential Non-Priority Def. Developer F0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL Cumulative to GP:	0	2,583	87,188	90,240	93,398	96,667	100,051	103,552	107,177	110,928	174,767	273,174	238,487	162,936	168,461	174,174	180,081	186,189	192,505
TOTAL Cumulative to LP:	0	500	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829	8,063	8,305	8,555	8,811	9,076	9,348	9,628	9,917
Max to GP:	0	5,000	61,800	63,654	65,564	67,531	69,556	71,643	73,792	76,006	78,286	80,635	83,054	85,546	88,112	90,755	93,478	96,282	99,171
Excess GP Fees:	0	0	25,388	26,586	27,835	29,137	30,494	31,909	33,384	34,922	36,481	38,065	39,677	41,317	42,986	44,684	46,411	48,167	50,000

SCHEDULE OF RESERVE BALANCES

Replacement Reserve <i>Deed-Secured? Y</i>																			
Previous Balance	0	0	4,875	63,473	123,242	184,207	246,391	309,819	374,515	440,505	507,816	576,472	646,501	717,931	790,790	865,106	940,908	1,018,226	1,097,091
Deposit to Reserve	0	4,875	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500
Interest on Reserve	0	0	98	1,269	2,465	3,684	4,928	6,196	7,490	8,810	10,156	11,529	12,930	14,359	15,816	17,302	18,818	20,365	21,942
Withdrawal from Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	0	4,875	63,473	123,242	184,207	246,391	309,819	374,515	440,505	507,816	576,472	646,501	717,931	790,790	865,106	940,908	1,018,226	1,097,091	1,177,532
Capitalized Operating Reserve (3 mos.) <i>Deed-Secured? Y</i>																			
Previous Balance	0	0	444,016	452,896	461,954	471,193	480,617	490,230	500,034	510,035	520,236	530,640	541,253	552,078	563,120	574,382	585,870	597,587	609,539
Deposit to Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on Reserve	0	0	8,880	9,058	9,239	9,424	9,612	9,805	10,001	10,201	10,405	10,613	10,825	11,042	11,262	11,488	11,717	11,952	12,191
Withdrawal from Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	444,016	0	0	452,896	461,954	471,193	480,617	490,230	500,034	510,035	520,236	530,640	541,253	552,078	563,120	574,382	585,870	597,587	609,539

Cuatro at City Heights

Analysis of Taxable Income
Version: 4.2 Closing

Assumptions
Marginal Tax Rate - Federal 21.0%
Marginal Tax Rate - State 0.0%
Effective Combined Marginal Tax Rate 21.0%
Number of LP Capital Contributions 4

Main financial table with columns for Credit Period Year (2024-2042) and rows for LOSSES (Net Operating Income, Deductions, etc.) and TAX CREDITS (Fed Tax Credits-Rehab/NC). Includes sub-headers for 'Loss Reallocation (Year 12)'. Rows include GP and LP shares.

OPERATING EXPENSE REALLOCATIONS-GP-RELATED (Beginning at start of operations)
Table with columns for Base Year: 2024, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042. Rows include Administrative, Management Fee, Utilities, Payroll/Payroll Taxes, Taxes & Insurance, etc.

Cuatro at City Heights

Investment Summary - LIHTC Investor

Version: 4.2 Closing

Assumptions

Marginal Tax Rate 21.0%

YEAR	LIMITED PARTNER PAY-INS	AFTER-TAX VALUE OF LOSSES	TOTAL LTD PTR FEDERAL LIHTC	TOTAL LTD PTR CALIFORNIA LIHTC	TOTAL LTD PTR ENERGY CREDITS	TOTAL LTD PTR HISTORIC CREDITS	TAX BENEFIT/ (LIABILITY) UPON SALE	TOTAL LTD PTR TAX BENEFITS	CUMULATIVE RATIO OF BENEFITS TO LTD PTR PAY-INS	Credit Year
2024	3,779,000	(0)	0	0	0	0		(0)	0.00	(1)
2025	10,000,000	559,735	0	0	0	0		559,735	0.04	0
2026	24,001,452	1,102,420	4,019,197	0	0	0		5,121,617	0.15	1
2027	0	645,779	4,019,197	0	0	0		4,664,976	0.27	2
2028	0	641,931	4,019,197	0	0	0		4,661,128	0.40	3
2029		639,543	4,019,197	0	0	0		4,658,740	0.52	4
2030		634,072	4,019,197	0	0	0		4,653,269	0.64	5
2031		631,393	4,019,197	0	0	0		4,650,590	0.77	6
2032		629,146	4,019,197					4,648,343	0.89	7
2033		626,867	4,019,197					4,646,064	1.01	8
2034		615,260	4,019,197					4,634,457	1.14	9
2035		562,198	4,019,197					4,581,395	1.26	10
2036		561,004	0					561,004	1.27	11
2037		53,974	0					53,974	1.27	12
2038		0	0				0	0	1.27	13
2039		0	0				0	0	1.27	14
2040		55,209	0				(25,809)	29,400	1.27	15
2041		0	0				0	0	1.27	16
2042		0	0				0	0	1.27	17
TOTAL	37,780,452	7,958,533	40,191,970	0	0	0		48,124,694		

Net Quarterly Benefit Schedule	Version: 4.2 Closing
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LP EQUITY PAY-IN SCHEDULE			
	AMOUNT	DATE	THRESHOLD
LP Admission (Const. Portion)	3,779,000	02/01/24	Initial Closing
LP Admission (Collateral)	0	02/01/24	Initial Closing
Interim Payment #1	0	12/01/24	50% Completion
Completion Payment	10,000,000	10/01/25	Const. Completion
Conversion Payment	23,891,452	06/01/26	Perm Conversion
Final Payment #1	110,000	12/01/26	8609
Final Payment #2	0		
TOTAL LP CONTRIBUTIONS	37,780,452		

NET QUARTERLY BENEFITS				
Internal Rate of Return:		5.26%		
YEAR	INVESTMENT	TOTAL QUART. BENEFITS	NET QUART. BENEFITS	THRESHOLD
2024	(3,779,000)	(0)	(3,779,000)	LP Admission
		(0)	(0)	
		(0)	(0)	
		(0)	(0)	
2025		139,934	139,934	Completion
		139,934	139,934	
		139,934	139,934	
	(10,000,000)	139,934	(9,860,066)	
2026		1,280,404	1,280,404	Perm Conversion
	(23,891,452)	1,280,404	(22,611,048)	
		1,280,404	1,280,404	
	(110,000)	1,280,404	1,170,404	
2027		1,166,244	1,166,244	Form 8609
		1,166,244	1,166,244	
		1,166,244	1,166,244	
		1,166,244	1,166,244	
2028		1,165,282	1,165,282	
		1,165,282	1,165,282	
		1,165,282	1,165,282	
		1,165,282	1,165,282	
2029	0	1,164,685	1,164,685	
	0	1,164,685	1,164,685	
	0	1,164,685	1,164,685	
	0	1,164,685	1,164,685	
2030	0	1,163,317	1,163,317	
	0	1,163,317	1,163,317	
	0	1,163,317	1,163,317	
	0	1,163,317	1,163,317	
2031	0	1,162,647	1,162,647	
	0	1,162,647	1,162,647	
	0	1,162,647	1,162,647	
	0	1,162,647	1,162,647	
2032		1,162,086	1,162,086	
		1,162,086	1,162,086	
		1,162,086	1,162,086	
		1,162,086	1,162,086	
2033		1,161,516	1,161,516	
		1,161,516	1,161,516	
		1,161,516	1,161,516	
		1,161,516	1,161,516	
2034		1,158,614	1,158,614	
		1,158,614	1,158,614	
		1,158,614	1,158,614	
		1,158,614	1,158,614	
2035		1,145,349	1,145,349	
		1,145,349	1,145,349	
		1,145,349	1,145,349	
		1,145,349	1,145,349	
2036		140,251	140,251	
		140,251	140,251	
		140,251	140,251	
		140,251	140,251	
2037		13,494	13,494	
		13,494	13,494	
		13,494	13,494	
		13,494	13,494	
2038		0	0	
		0	0	
		0	0	
		0	0	
2039		0	0	
		0	0	
		0	0	
		0	0	
2040		7,350	7,350	
		7,350	7,350	
		7,350	7,350	
		7,350	7,350	
2041		0	0	
		0	0	
		0	0	
		0	0	
2042		0	0	
		0	0	
		0	0	
		0	0	
TOTAL	37,780,452	48,124,694	10,344,242	

ATTACHMENT 4 HOUSING COMMISSION MULTIFAMILY HOUSING REVENUE BOND PROGRAM SUMMARY

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

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

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

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

Approval Process:

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

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

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

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

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

Memorandum

To: Jennifer Kreutter, Matt Granum - San Diego Housing Commission

From: Nick Jones, Jaime Trejo, Catherine Go - PFM Financial Advisors LLC

RE: Actions related to the proposed issuance of up to \$47,111,000 Series 2024C-1 (Tax-Exempt) and \$30,000,000 Series 2024C-2 (Taxable) Multifamily Housing Revenue Bonds (Cuatro at City Heights)

Dear Ms. Kreutter and Mr. Granum,

You have asked PFM Financial Advisors LLC (“PFM”) to review the proposed financing and recommend whether, in our judgment, it is reasonable for the Housing Authority of the City of San Diego (the “Housing Authority”) to issue the Multifamily Housing Revenue Bonds (the “Bonds”) in connection with Cuatro at City Heights (the “Project”) by Wakeland Housing and Development Corporation (the “Borrower” or the “Developer”). In preparing this report, we have reviewed financial projections and background information provided by the Developer and the San Diego Housing Commission (the “Housing Commission” or “SDHC”).

The specific findings this report addresses are:

- Whether the financing will achieve a public purpose by creating or preserving affordable housing
- Whether the Housing Authority will avoid undue financial risk in undertaking the financing
- Whether the Project will be able to meet debt service payments after the proposed financing

As described below, we find that all of the conditions are met and therefore recommend that the Housing Authority authorize the issuance of the Bonds.

Description of the Project

Cuatro at City Heights is a new construction 117-unit affordable rental housing development spread throughout four separate sites in the City of San Diego. Three of the sites will be located on University Avenue and the fourth will be located on El Cajon Boulevard. The development’s housing units will primarily be targeted at families, while 30 of the units will be set aside for veterans experiencing homelessness. On parcels 3 and 4, there will be commercial space.

The current estimates of site acquisition and hard construction costs are \$7,240,000 (\$61,880 per unit) and \$58,861,967 (\$503,094 per unit), respectively. Funds for the development of the Project will be raised through various sources including equity



capital and the issuance of the Bonds. The proposed development pro-forma estimates that there are \$99,096,133 in total project costs (\$846,975 per unit).

The Developer

Wakeland Housing and Development Corporation is serving as the developer for the Project. Wakeland was founded in 1998 as a nonprofit corporation with a focus on financing, developing and operating high-quality affordable housing that meets the needs of the communities in which it operates. With its for-profit and nonprofit partners, it has developed, acquired and rehabilitated 7,900 units of affordable housing over the years in communities in San Diego and throughout California.

The Financing

An aggregate amount not exceeding \$77,111,000 of Housing Authority Bonds will initially be issued to facilitate Cuatro at City Heights L.P.'s acquisition and construction of the Project. Banner Bank (the "Lender") will serve as the bond purchaser and U.S. Bancorp Community Development Corporation will serve as equity investor. Tax-exempt Private Activity Bond allocation of \$47,111,000 and Low Income Housing Tax Credits were allocated to the project by the California Debt Limit Allocation Committee ("CDLAC") and the California Tax Credit Allocation Committee ("CTCAC"), respectively, at their meetings on August 23rd, 2023. The CDLAC closing deadline for the Project is March 4th, 2024 and the transaction is scheduled to close in February 2024.

The Bonds will initially bear variable interest at rates estimated at 8.2% - 8.7% for the 28 month construction phase. At conversion to the permanent phase, the Series 2024C-2 (Taxable) Bonds are expected to be repaid using tax credit equity, whereas the Series 2024C-1 (Tax-Exempt) Bonds will convert to a fixed interest rate estimated at 6.1% with a term of 35 years. The Bonds will be purchased by Banner Bank (the "Lender") through a permanent loan, which will be repaid by the Developer. The Developer has secured a commitment from the Lender to purchase the Bonds. In addition to the Bonds, the Project will be financed by other Permanent Sources, detailed in Table 1 below:



Table 1
Permanent Financing
Sources and Uses of Funds

Sources:

Tax-exempt permanent loan	\$6,901,000
City of San Diego loan	4,000,000
Accrued deferred loan interest	159,000
HCD VHHP	8,443,317
HCD MHP	22,155,752
HCD IIG (GP Loan)	5,343,300
FHLBSF AHP	1,000,000
General Partner equity	4,913,212
4% CTCAC tax credit equity	37,780,452
Deferred developer fee	8,400,000
Total Sources	\$99,096,133

Uses:

Land Acquisition and Closing Costs	7,240,000
Design and Engineering	4,286,000
Legal/Financial/Consultants	335,000
Permits & Fees	3,000,000
Construction Costs	58,861,967
Financial Costs	10,657,328
Marketing/Administration	150,000
Developer's Fee	10,600,000
Hard Cost Contingency	2,919,598
Soft Cost Contingency	453,000
Reserves	593,240
Total Uses	\$99,096,133



Achieving Public Purpose

Through the proposed bond issuance, the Project will provide housing for low-income households. The Project proposes to restrict all 115 non-manager units for households earning no greater than 60% of Area Median Income (“AMI”), with 40 of the units targeted at households earning no greater than 30% of AMI, 12 at households earning no greater than 40% of AMI, and 41 at households earning no greater than 50% of AMI. The affordability term of the project is 55 years. Maximum bond rents for the Project are summarized in Table 2 below

Unit Type	Area Median Income	Units	Unit Size (sqft)	Proposed Gross Rents	Estimated Market Rents	Savings
Studio	30%	11	467	\$613	\$1,811	\$1,198
	40%	3	467	965	1,811	846
	50%	10	467	1,206	1,811	605
	60%	2	467	1,447	1,811	364
1 Bedroom	30%	13	594	657	2,240	1,583
	40%	3	594	1,034	2,240	1,206
	50%	12	594	1,292	2,240	948
	60%	1	594	1,550	2,240	690
2 Bedroom	30%	8	773	788	2,800	2,012
	40%	3	773	1,241	2,800	1,559
	50%	10	773	1,551	2,800	1,249
	60%	10	773	1,861	2,800	939
3 Bedroom	30%	8	1,028	910	3,726	2,816
	40%	3	1,028	1,433	3,726	2,293
	50%	9	1,028	1,791	3,726	1,935
	60%	9	1,028	2,150	3,726	1,576
Manager	N/A	2	773	0	N/A	N/A
Total		117		\$144,484	\$306,900	\$162,416
Total Annual for All Units				\$1,733,808	\$2,106,516	\$372,708

Meeting Debt Service After Financing

As shown in Table 3 below, the Project will have ample cash flow to meet debt service upon completion and rent-up. Based upon our review of the Developer’s proposed rents and estimated costs, there will be \$581,163 of net income available for the first full year of debt service and mandatory HCD payment in 2027. Debt service coverage in this first full year is estimated at 1.21x. By the fifth full year of debt service, assuming a 2.5%



annual increase in gross income and a 3.5% annual increase in operating expenses, debt service coverage is projected to increase to 1.28x.

Table 3
Estimated Cash Flow

Year:	2026	2027	2028	2029	2030	2031
Net Rental Income	\$1,510,015	\$1,547,766	\$1,586,460	\$1,626,121	\$1,666,774	\$1,708,444
Miscellaneous Income	17,035	17,461	17,897	18,345	18,803	19,274
Less: Vacancy @ 5%	(76,353)	(78,261)	(80,218)	(82,223)	(84,279)	(86,386)
Rental Subsidy	442,797	453,866	465,213	476,843	488,765	500,984
Less: Vacancy @ 5%	(22,140)	(22,693)	(23,261)	(23,842)	(24,438)	(25,049)
Effective Gross Income	\$1,871,355	\$1,918,138	\$1,966,092	\$2,015,244	\$2,065,625	\$2,117,266
Less: Operating Expenses	(1,084,244)	(1,122,193)	(1,161,469)	(1,202,121)	(1,244,195)	(1,287,742)
Less: Taxes	(10,017)	(10,217)	(10,422)	(10,630)	(10,843)	(11,060)
Less: Reserves	(58,500)	(58,500)	(58,500)	(58,500)	(58,500)	(58,500)
Less: City Monitoring Fee	(17,550)	(17,550)	(17,550)	(17,550)	(17,550)	(17,550)
Less: Mandatory HCD Payment	(74,968)	(128,516)	(128,516)	(128,516)	(128,516)	(128,516)
Net Income	\$626,076	\$581,163	\$589,635	\$597,927	\$606,022	\$613,899
Permanent Loan Debt Service	(\$240,204)	(\$480,407)	(\$480,407)	(\$480,407)	(\$480,407)	(\$480,407)
Debt Service Coverage ¹		1.21	1.23	1.24	1.26	1.28

¹Calculated by dividing Net Income by Permanent Loan Debt Service

Conclusion

The proposed financing will create no undue risk for the Housing Authority. The Borrower has agreed to pay all Costs of Issuance for the financing and to indemnify the City, the Housing Authority and the Housing Commission regarding matters relating to the financing. It should be noted that the Borrower will have no significant assets or sources of income other than the Project and neither the Borrower nor the Housing Authority would be required under most circumstances to make up any cash flow shortfalls.

Based upon our review, we recommend that the Housing Authority proceed with the financing. This recommendation is based upon the following findings:

- The financing would achieve a public purpose by providing 115 affordable units, all affordable at 30% - 60% of AMI, with 40 targeted at 30% of AMI, 12 at 40% AMI, 41 at 50% AMI, and 22 at 60% AMI, for a period of 55 years.



- The Borrower has agreed to indemnify the City, the Housing Authority and the Housing Commission regarding any matters related to the financing. The Borrower will pay all costs of the financing.
- Based upon estimates by the Developer that have been reviewed and confirmed by the bond purchaser, there are sufficient funds to complete the Project, and the Project provides adequate debt service coverage.
- Since the financing is unrated, the Housing Commission's policies regarding the purchase and transfer of the Bonds will apply; these include requirements that the buyers be sophisticated institutional buyers or qualified institutional buyers. These requirements will travel from the initial buyers to subsequent buyers of the Bonds.

If there is any additional information you require concerning this matter, we will be glad to provide it as a supplement to this report.

Sincerely,
PFM Financial Advisors, LLC

Nick Jones
Senior Managing Consultant

Memorandum

To: Jennifer Kreutter, Matt Granum - San Diego Housing Commission

From: Nick Jones, Jaime Trejo, Catherine Go - PFM Financial Advisors LLC

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The specific findings this report addresses are:

- Whether the financing will achieve a public purpose by creating or preserving affordable housing
- Whether the Housing Authority will avoid undue financial risk in undertaking the financing
- Whether the Project will be able to meet debt service payments after the proposed financing

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The current estimates of site acquisition and hard construction costs are \$7,240,000 (\$61,880 per unit) and \$58,861,967 (\$503,094 per unit), respectively. Funds for the development of the Project will be raised through various sources including equity



capital and the issuance of the Bonds. The proposed development pro-forma estimates that there are \$99,096,133 in total project costs (\$846,975 per unit).

The Developer

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The Bonds will initially bear variable interest at rates estimated at 8.2% - 8.7% for the 28 month construction phase. At conversion to the permanent phase, the Series 2024C-2 (Taxable) Bonds are expected to be repaid using tax credit equity, whereas the Series 2024C-1 (Tax-Exempt) Bonds will convert to a fixed interest rate estimated at 6.1% with a term of 35 years. The Bonds will be purchased by Banner Bank (the "Lender") through a permanent loan, which will be repaid by the Developer. The Developer has secured a commitment from the Lender to purchase the Bonds. In addition to the Bonds, the Project will be financed by other Permanent Sources, detailed in Table 1 below:



Table 1
Permanent Financing
Sources and Uses of Funds

Sources:

Tax-exempt permanent loan	\$6,901,000
City of San Diego loan	4,000,000
Accrued deferred loan interest	159,000
HCD VHHP	8,443,317
HCD MHP	22,155,752
HCD IIG (GP Loan)	5,343,300
FHLBSF AHP	1,000,000
General Partner equity	4,913,212
4% CTCAC tax credit equity	37,780,452
Deferred developer fee	8,400,000
Total Sources	\$99,096,133

Uses:

Land Acquisition and Closing Costs	7,240,000
Design and Engineering	4,286,000
Legal/Financial/Consultants	335,000
Permits & Fees	3,000,000
Construction Costs	58,861,967
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Marketing/Administration	150,000
Developer's Fee	10,600,000
Hard Cost Contingency	2,919,598
Soft Cost Contingency	453,000
Reserves	593,240
Total Uses	\$99,096,133



Achieving Public Purpose

Through the proposed bond issuance, the Project will provide housing for low-income households. The Project proposes to restrict all 115 non-manager units for households earning no greater than 60% of Area Median Income (“AMI”), with 40 of the units targeted at households earning no greater than 30% of AMI, 12 at households earning no greater than 40% of AMI, and 41 at households earning no greater than 50% of AMI. The affordability term of the project is 55 years. Maximum bond rents for the Project are summarized in Table 2 below

Unit Type	Area Median Income	Units	Unit Size (sqft)	Proposed Gross Rents	Estimated Market Rents	Savings
Studio	30%	11	467	\$613	\$1,811	\$1,198
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	50%	10	467	1,206	1,811	605
	60%	2	467	1,447	1,811	364
1 Bedroom	30%	13	594	657	2,240	1,583
	40%	3	594	1,034	2,240	1,206
	50%	12	594	1,292	2,240	948
	60%	1	594	1,550	2,240	690
2 Bedroom	30%	8	773	788	2,800	2,012
	40%	3	773	1,241	2,800	1,559
	50%	10	773	1,551	2,800	1,249
	60%	10	773	1,861	2,800	939
3 Bedroom	30%	8	1,028	910	3,726	2,816
	40%	3	1,028	1,433	3,726	2,293
	50%	9	1,028	1,791	3,726	1,935
	60%	9	1,028	2,150	3,726	1,576
Manager	N/A	2	773	0	N/A	N/A
Total		117		\$144,484	\$306,900	\$162,416
Total Annual for All Units				\$1,733,808	\$2,106,516	\$372,708

Meeting Debt Service After Financing

As shown in Table 3 below, the Project will have ample cash flow to meet debt service upon completion and rent-up. Based upon our review of the Developer’s proposed rents and estimated costs, there will be \$581,163 of net income available for the first full year of debt service and mandatory HCD payment in 2027. Debt service coverage in this first full year is estimated at 1.21x. By the fifth full year of debt service, assuming a 2.5%



annual increase in gross income and a 3.5% annual increase in operating expenses, debt service coverage is projected to increase to 1.28x.

Table 3
Estimated Cash Flow

Year:	2026	2027	2028	2029	2030	2031
Net Rental Income	\$1,510,015	\$1,547,766	\$1,586,460	\$1,626,121	\$1,666,774	\$1,708,444
Miscellaneous Income	17,035	17,461	17,897	18,345	18,803	19,274
Less: Vacancy @ 5%	(76,353)	(78,261)	(80,218)	(82,223)	(84,279)	(86,386)
Rental Subsidy	442,797	453,866	465,213	476,843	488,765	500,984
Less: Vacancy @ 5%	(22,140)	(22,693)	(23,261)	(23,842)	(24,438)	(25,049)
Effective Gross Income	\$1,871,355	\$1,918,138	\$1,966,092	\$2,015,244	\$2,065,625	\$2,117,266
Less: Operating Expenses	(1,084,244)	(1,122,193)	(1,161,469)	(1,202,121)	(1,244,195)	(1,287,742)
Less: Taxes	(10,017)	(10,217)	(10,422)	(10,630)	(10,843)	(11,060)
Less: Reserves	(58,500)	(58,500)	(58,500)	(58,500)	(58,500)	(58,500)
Less: City Monitoring Fee	(17,550)	(17,550)	(17,550)	(17,550)	(17,550)	(17,550)
Less: Mandatory HCD Payment	(74,968)	(128,516)	(128,516)	(128,516)	(128,516)	(128,516)
Net Income	\$626,076	\$581,163	\$589,635	\$597,927	\$606,022	\$613,899
Permanent Loan Debt Service	(\$240,204)	(\$480,407)	(\$480,407)	(\$480,407)	(\$480,407)	(\$480,407)
Debt Service Coverage ¹		1.21	1.23	1.24	1.26	1.28

¹Calculated by dividing Net Income by Permanent Loan Debt Service

Conclusion

The proposed financing will create no undue risk for the Housing Authority. The Borrower has agreed to pay all Costs of Issuance for the financing and to indemnify the City, the Housing Authority and the Housing Commission regarding matters relating to the financing. It should be noted that the Borrower will have no significant assets or sources of income other than the Project and neither the Borrower nor the Housing Authority would be required under most circumstances to make up any cash flow shortfalls.

Based upon our review, we recommend that the Housing Authority proceed with the financing. This recommendation is based upon the following findings:

- The financing would achieve a public purpose by providing 115 affordable units, all affordable at 30% - 60% of AMI, with 40 targeted at 30% of AMI, 12 at 40% AMI, 41 at 50% AMI, and 22 at 60% AMI, for a period of 55 years.



- The Borrower has agreed to indemnify the City, the Housing Authority and the Housing Commission regarding any matters related to the financing. The Borrower will pay all costs of the financing.
- Based upon estimates by the Developer that have been reviewed and confirmed by the bond purchaser, there are sufficient funds to complete the Project, and the Project provides adequate debt service coverage.
- Since the financing is unrated, the Housing Commission's policies regarding the purchase and transfer of the Bonds will apply; these include requirements that the buyers be sophisticated institutional buyers or qualified institutional buyers. These requirements will travel from the initial buyers to subsequent buyers of the Bonds.

If there is any additional information you require concerning this matter, we will be glad to provide it as a supplement to this report.

Sincerely,

PFM Financial Advisors, LLC

Nick Jones

Senior Managing Consultant

Memorandum

To: Jennifer Kreutter, Matt Granum - San Diego Housing Commission

From: Nick Jones, Jaime Trejo, Catherine Go - PFM Financial Advisors LLC

RE: Actions related to the proposed issuance of up to \$47,111,000 Series 2024C-1 (Tax-Exempt) and \$30,000,000 Series 2024C-2 (Taxable) Multifamily Housing Revenue Bonds (Cuatro at City Heights)

Dear Ms. Kreutter and Mr. Granum,

You have asked PFM Financial Advisors LLC (“PFM”) to review the proposed financing and recommend whether, in our judgment, it is reasonable for the Housing Authority of the City of San Diego (the “Housing Authority”) to issue the Multifamily Housing Revenue Bonds (the “Bonds”) in connection with Cuatro at City Heights (the “Project”) by Wakeland Housing and Development Corporation (the “Borrower” or the “Developer”). In preparing this report, we have reviewed financial projections and background information provided by the Developer and the San Diego Housing Commission (the “Housing Commission” or “SDHC”).

The specific findings this report addresses are:

- Whether the financing will achieve a public purpose by creating or preserving affordable housing
- Whether the Housing Authority will avoid undue financial risk in undertaking the financing
- Whether the Project will be able to meet debt service payments after the proposed financing

As described below, we find that all of the conditions are met and therefore recommend that the Housing Authority authorize the issuance of the Bonds.

Description of the Project

Cuatro at City Heights is a new construction 117-unit affordable rental housing development spread throughout four separate sites in the City of San Diego. Three of the sites will be located on University Avenue and the fourth will be located on El Cajon Boulevard. The development’s housing units will primarily be targeted at families, while 30 of the units will be set aside for veterans experiencing homelessness. On parcels 3 and 4, there will be commercial space.

The current estimates of site acquisition and hard construction costs are \$7,240,000 (\$61,880 per unit) and \$58,861,967 (\$503,094 per unit), respectively. Funds for the development of the Project will be raised through various sources including equity



capital and the issuance of the Bonds. The proposed development pro-forma estimates that there are \$99,096,133 in total project costs (\$846,975 per unit).

The Developer

Wakeland Housing and Development Corporation is serving as the developer for the Project. Wakeland was founded in 1998 as a nonprofit corporation with a focus on financing, developing and operating high-quality affordable housing that meets the needs of the communities in which it operates. With its for-profit and nonprofit partners, it has developed, acquired and rehabilitated 7,900 units of affordable housing over the years in communities in San Diego and throughout California.

The Financing

An aggregate amount not exceeding \$77,111,000 of Housing Authority Bonds will initially be issued to facilitate Cuatro at City Heights L.P.'s acquisition and construction of the Project. Banner Bank (the "Lender") will serve as the bond purchaser and U.S. Bancorp Community Development Corporation will serve as equity investor. Tax-exempt Private Activity Bond allocation of \$47,111,000 and Low Income Housing Tax Credits were allocated to the project by the California Debt Limit Allocation Committee ("CDLAC") and the California Tax Credit Allocation Committee ("CTCAC"), respectively, at their meetings on August 23rd, 2023. The CDLAC closing deadline for the Project is March 4th, 2024 and the transaction is scheduled to close in February 2024.

The Bonds will initially bear variable interest at rates estimated at 8.2% - 8.7% for the 28 month construction phase. At conversion to the permanent phase, the Series 2024C-2 (Taxable) Bonds are expected to be repaid using tax credit equity, whereas the Series 2024C-1 (Tax-Exempt) Bonds will convert to a fixed interest rate estimated at 6.1% with a term of 35 years. The Bonds will be purchased by Banner Bank (the "Lender") through a permanent loan, which will be repaid by the Developer. The Developer has secured a commitment from the Lender to purchase the Bonds. In addition to the Bonds, the Project will be financed by other Permanent Sources, detailed in Table 1 below:



Table 1
Permanent Financing
Sources and Uses of Funds

Sources:

Tax-exempt permanent loan	\$6,901,000
City of San Diego loan	4,000,000
Accrued deferred loan interest	159,000
HCD VHHP	8,443,317
HCD MHP	22,155,752
HCD IIG (GP Loan)	5,343,300
FHLBSF AHP	1,000,000
General Partner equity	4,913,212
4% CTCAC tax credit equity	37,780,452
Deferred developer fee	8,400,000
Total Sources	\$99,096,133

Uses:

Land Acquisition and Closing Costs	7,240,000
Design and Engineering	4,286,000
Legal/Financial/Consultants	335,000
Permits & Fees	3,000,000
Construction Costs	58,861,967
Financial Costs	10,657,328
Marketing/Administration	150,000
Developer's Fee	10,600,000
Hard Cost Contingency	2,919,598
Soft Cost Contingency	453,000
Reserves	593,240
Total Uses	\$99,096,133



Achieving Public Purpose

Through the proposed bond issuance, the Project will provide housing for low-income households. The Project proposes to restrict all 115 non-manager units for households earning no greater than 60% of Area Median Income (“AMI”), with 40 of the units targeted at households earning no greater than 30% of AMI, 12 at households earning no greater than 40% of AMI, and 41 at households earning no greater than 50% of AMI. The affordability term of the project is 55 years. Maximum bond rents for the Project are summarized in Table 2 below

Unit Type	Area Median Income	Units	Unit Size (sqft)	Proposed Gross Rents	Estimated Market Rents	Savings
Studio	30%	11	467	\$613	\$1,811	\$1,198
	40%	3	467	965	1,811	846
	50%	10	467	1,206	1,811	605
	60%	2	467	1,447	1,811	364
1 Bedroom	30%	13	594	657	2,240	1,583
	40%	3	594	1,034	2,240	1,206
	50%	12	594	1,292	2,240	948
	60%	1	594	1,550	2,240	690
2 Bedroom	30%	8	773	788	2,800	2,012
	40%	3	773	1,241	2,800	1,559
	50%	10	773	1,551	2,800	1,249
	60%	10	773	1,861	2,800	939
3 Bedroom	30%	8	1,028	910	3,726	2,816
	40%	3	1,028	1,433	3,726	2,293
	50%	9	1,028	1,791	3,726	1,935
	60%	9	1,028	2,150	3,726	1,576
Manager	N/A	2	773	0	N/A	N/A
Total		117		\$144,484	\$306,900	\$162,416
Total Annual for All Units				\$1,733,808	\$2,106,516	\$372,708

Meeting Debt Service After Financing

As shown in Table 3 below, the Project will have ample cash flow to meet debt service upon completion and rent-up. Based upon our review of the Developer’s proposed rents and estimated costs, there will be \$581,163 of net income available for the first full year of debt service and mandatory HCD payment in 2027. Debt service coverage in this first full year is estimated at 1.21x. By the fifth full year of debt service, assuming a 2.5%



annual increase in gross income and a 3.5% annual increase in operating expenses, debt service coverage is projected to increase to 1.28x.

Table 3
Estimated Cash Flow

Year:	2026	2027	2028	2029	2030	2031
Net Rental Income	\$1,510,015	\$1,547,766	\$1,586,460	\$1,626,121	\$1,666,774	\$1,708,444
Miscellaneous Income	17,035	17,461	17,897	18,345	18,803	19,274
Less: Vacancy @ 5%	(76,353)	(78,261)	(80,218)	(82,223)	(84,279)	(86,386)
Rental Subsidy	442,797	453,866	465,213	476,843	488,765	500,984
Less: Vacancy @ 5%	(22,140)	(22,693)	(23,261)	(23,842)	(24,438)	(25,049)
Effective Gross Income	\$1,871,355	\$1,918,138	\$1,966,092	\$2,015,244	\$2,065,625	\$2,117,266
Less: Operating Expenses	(1,084,244)	(1,122,193)	(1,161,469)	(1,202,121)	(1,244,195)	(1,287,742)
Less: Taxes	(10,017)	(10,217)	(10,422)	(10,630)	(10,843)	(11,060)
Less: Reserves	(58,500)	(58,500)	(58,500)	(58,500)	(58,500)	(58,500)
Less: City Monitoring Fee	(17,550)	(17,550)	(17,550)	(17,550)	(17,550)	(17,550)
Less: Mandatory HCD Payment	(74,968)	(128,516)	(128,516)	(128,516)	(128,516)	(128,516)
Net Income	\$626,076	\$581,163	\$589,635	\$597,927	\$606,022	\$613,899
Permanent Loan Debt Service	(\$240,204)	(\$480,407)	(\$480,407)	(\$480,407)	(\$480,407)	(\$480,407)
Debt Service Coverage ¹		1.21	1.23	1.24	1.26	1.28

¹Calculated by dividing Net Income by Permanent Loan Debt Service

Conclusion

The proposed financing will create no undue risk for the Housing Authority. The Borrower has agreed to pay all Costs of Issuance for the financing and to indemnify the City, the Housing Authority and the Housing Commission regarding matters relating to the financing. It should be noted that the Borrower will have no significant assets or sources of income other than the Project and neither the Borrower nor the Housing Authority would be required under most circumstances to make up any cash flow shortfalls.

Based upon our review, we recommend that the Housing Authority proceed with the financing. This recommendation is based upon the following findings:

- The financing would achieve a public purpose by providing 115 affordable units, all affordable at 30% - 60% of AMI, with 40 targeted at 30% of AMI, 12 at 40% AMI, 41 at 50% AMI, and 22 at 60% AMI, for a period of 55 years.



- The Borrower has agreed to indemnify the City, the Housing Authority and the Housing Commission regarding any matters related to the financing. The Borrower will pay all costs of the financing.
- Based upon estimates by the Developer that have been reviewed and confirmed by the bond purchaser, there are sufficient funds to complete the Project, and the Project provides adequate debt service coverage.
- Since the financing is unrated, the Housing Commission's policies regarding the purchase and transfer of the Bonds will apply; these include requirements that the buyers be sophisticated institutional buyers or qualified institutional buyers. These requirements will travel from the initial buyers to subsequent buyers of the Bonds.

If there is any additional information you require concerning this matter, we will be glad to provide it as a supplement to this report.

Sincerely,
PFM Financial Advisors, LLC

Nick Jones
Senior Managing Consultant



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

Statement for Public Disclosure

1. Name of CONTRACTOR: Wakeland Housing and Development Corporation
2. Email: Jhattler@wakelandhdc.com
2. Address and Zip Code: 1230 Columbia Street, Suite 950, San Diego, CA 92101
3. Telephone Number: 858-354-0552
4. Name of Principal Contact for CONTRACTOR: Julie Hattler
5. Federal Identification Number or Social Security Number of CONTRACTOR: 33-0833640
6. If the CONTRACTOR is not an individual doing business under his own name, the CONTRACTOR has the status indicated below and is organized or operating under the laws of California as (*select and upload requested documents*):

- A corporation (*Upload* Articles of Incorporation)
- A nonprofit or charitable institution or corporation. (*Upload* copy of Articles of Incorporation and documentary evidence verifying current valid nonprofit or charitable status)
- A partnership known as (Name): _____

Check one:

- General Partnership (*Upload* statement of General Partnership)
- Limited Partnership (*Upload* Certificate of Limited Partnership)
- A business association or a joint venture known as: _____
(*Upload* joint venture or business association agreement)
- A Federal, State or local government or instrumentality thereof.
- Other (*Please explain*): _____

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

Wakeland Housing and Development Corporation - December 23, 1998



8. Provide names, addresses, telephone numbers, title of position (if any) and nature and extent of the interest of the current officers, principal members, shareholders, and investors of the CONTRACTOR, other than a government agency or instrumentality, as set forth below:
- a. If the CONTRACTOR is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock.
 - b. If the CONTRACTOR is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
 - 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: Please see attached list of the Wakeland Board of Directors.	
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, Ken Sauder retired as President and CEO in June of 2022. Rebecca Louie, Wakeland's Vice President and COO replaced Ken as President and CEO.
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: Please see attached list of Wakelands Board of Directors	
Address:	
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: N/A	
Address:	
Name:	
Address:	
Name:	
Address:	

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

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

CA Dept. of Housing and Community Development, IIG Grant, Multi Family Housing Program, and Veterans Housing & Homeless Program funds. City of San Diego Bridge to Home funding, 4% tax credit equity and Tax Exempt/Taxable 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: N/A
 Address: _____
 Amount: \$ _____

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

Name: _____
 Address: _____
 Amount: \$ _____



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

Description	Market Value (\$)	Mortgages or Liens (\$)
N/A		

Additional Information, as needed: _____

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

Name and Address	Contact Name
Name: Wells Fargo Community Lending	Jessica Gonzalez
Address: 333 S. Grand Ave., 9th Fl	747-260-4646
Los Angeles, CA 90071	jessica.gonzalez2@wellsfargo.com
Name: California Community Reinvestment Corp	Mary Kaiser, President
Address: 225 West Broadway, # 120	818-550-9801
Glendale, CA 91204	Mary.keiser@e-ccrc.org
Name: Banner Bank	Waheed Karim
Address: 742 Fletcher Pkwy	619-518-2610
El Cajon, CA 92020	Waheed.karim@bannerbank.com

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

Yes No

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

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

Yes No

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



Case 1: _____

Case 2: _____

Case 3: _____

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

Type of Bond	Project Description	Date of Completion	Amount of Bond	Action on Bond
Payment/performance	The Grove, 81 affordable senior units located in Vista, CA.	4/2/2022	62,848.00	None
Surety Grading & Drainage	The Grove, 81 affordable senior units located in Vista, CA.	4/22/2022	619,137.00	None
Surety Landscape & Irrigation	The Grove, 81 affordable senior units located in Vista, CA.	4/22/2022	275,000.00	None
Performance	Mixed-use project with 33 residential affordable units in Chula Vista.	10/22/2015	54,990.00	None

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

a. Name and addresses of such contractor or builder:

Name and Address	Affiliation
Name: N/A	
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: N/A _____

Complete one table for each project:

Project Name		
Project Owner Contact Information	N/A	
	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



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

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
N/A			

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

Awarding Agency	Amount	Date Opened
N/A		

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:

N/A

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:

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

Yes No

If yes, please explain:

26. State the name, address and telephone numbers of CONTRACTOR's insurance agent(s) and/or companies for the following 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)]: Cavnac & Associates at 450 B Street Suite 1800, San Diego, CA 92101

Contact: Matt Slakoff at 619-744-0549

Check coverage(s) carried:

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

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

Check coverage(s) carried:

- Comprehensive Form
- Owned
- Hired
- Non-Owned



- c. Workers Compensation [*Attach* certificate of insurance showing the amount of coverage and coverage period(s)]:
 See attached Certificate of Insurance

- d. Professional Liability (Errors and Omissions) [*Attach* certificate of insurance showing the amount of coverage and coverage period(s)]:
 See attached Certificate of Insurance

- e. Excess Liability [*Attach* certificate(s) of insurance showing the amount of coverage and coverage period(s)]:
 See attached Certificate of Insurance

- f. Other (Specify) [*Attach* certificate(s) of insurance showing the amount of coverage and coverage period(s)]:
 See attached Certificate of Insurance

- 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:

Government Complaint	Entity	Making	Date	Resolution
None				

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

Yes No

If yes, please explain in detail: _____

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

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



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.

None

34. Describe in detail, any and all other facts, factors or conditions that may favorably affect CONTRACTOR's ability to perform or complete, in a timely manner, or at all, the PROJECT, CONTRACT, DEVELOPMENT, repayment of the LOAN, adherence to the conditions of the GRANT, or performance of consulting or other services under CONTRACT with the SDHC. The Wakeland Team has considerable experience and capacity in all stages of affordable housing development and management for projects that help build stronger communities and spur revitalization of blighted neighborhoods. Wakeland development staff have

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

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
3/9/2018	SDHC - Beacon	Current	\$3,563,310
2/6/2019	SDHC - Ivy	Current	\$6,500,000
5/3/2019	SDHC - Trinity	Current	\$700,000
3/8/2019	City of San Diego	Purchase/Sale completed	\$2,105,000
8/30/2019	City of San Diego	Purchase/Sale completed	\$2,879,000

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

Yes No

If yes, please explain: _____

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

Yes No

If yes, please explain: _____



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

1. Name: Ms. Ann Kern
 Address: 1122 Broadway, Suite 300, San Diego, CA 92101
 Phone: 619.578.7582
 Project Name and Description: Village Green, 94 low-income units and Talmadge, 60 unit project.
2. Name: Ms. Tina Cobarrubias
 Address: 3989 Ruffin Rd, San Diego, CA 92123
 Phone: 858.694.4875
 Project Name and Description: Casa Anita 96 low income units
3. Name: Stacey Kurz
 Address: 276 Fourth Ave., Chula Vista, CA 91910
 Phone: 619.585.5609
 Project Name and Description: Los Vecinos, 42 low-income units, Casa Anita 96 low income units

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

N/A

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

Name	Experience
N/A at this time	General Contractor has not been selected at this time.



SAN DIEGO
HOUSING
COMMISSION

Real Estate Department

CERTIFICATION

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

By: Peter Armstrong
Peter Armstrong

By: _____

Title: VP of Real Estate Development

Title: _____

Dated: 2-27-2023

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

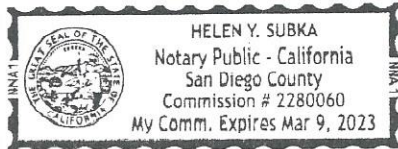
State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this 27th day of February, 2023

by Peter Armstrong personally known to me or proved to me on the basis of

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



SEAL

Helen Y. Subka
Signature of Notary



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 27 day of February, 2023, at San Diego, California.

CONTRACTOR

By: Peter Armstrong
Signature Peter Armstrong

Vice President of Real Estate Development
Title

**Wakeland Housing and Development
Board of Directors
Roster**

Board Member	Current Title	Timeline	Contact Information	Email
<u>Current Board Members</u>				
Brazel, Jeff	Board Member	09/2012 to present	(619) 507-8800 (cell)	jbrazel@jbrec.com
Ericsson, Lina	Board Secretary	12/2003 to 03/2015 10/2017 to present	(858) 284-5231	kericsson@realtyincome.com
Harris, Lisa Marie	Board Member	02/2022 to present	(619) 446-8396	alexgph97@gmail.com
Hunter, Jonathan	Board Member	08/2015 to present	(619) 251-3393 (cell)	jonathanh480@gmail.com
Kuptz, Steve	Board Treasurer	06/1999 to 09/2003 01/2010 to 07/2019 01/2021 to present	(619) 980-8977 (cell)	steve@trinitysd.com
Lawson, James	Board Member	05/2019 to present	(619) 535-1865	james@presidiopag.com
Schultz, Barry	Board Chair	11/2008 to 09/2015 05/2019 to present	(619) 354-5028	Barry.schultz50@gmail.com
Wilson, Launa	Board Member	02/2021 to present	(951) 850-0599 (cell)	launa@launawilson.com
Winslett, Lee	Board Member	11/2003 to present	(619) 699-3037 (work)	lwinslet@wellsfargo.com

BYLAWS OF
WAKELAND HOUSING AND DEVELOPMENT CORPORATION
A California Nonprofit Corporation

Prepared By:
Sullivan Wertz McDade & Wallace
945 Fourth Avenue
San Diego, California 92101
(619) 233-1888

BYLAWS OF
WAKELAND HOUSING AND DEVELOPMENT CORPORATION

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BYLAWS OF
WAKELAND HOUSING AND DEVELOPMENT CORPORATION

ARTICLE I - PURPOSE AND OFFICE

Section 1. Objects and Purposes. Wakeland Housing and Development Corporation (the "Corporation") is formed to contribute to the general welfare of society by providing low and moderate income persons, elderly persons and disabled persons with affordable housing by acquiring and/or developing low and moderate income housing and providing ancillary economic development activities. The Corporation and all of its businesses and other activities are to be operated and conducted in the promotion of its charitable objects and purposes as specified in its articles of incorporation, and in the conduct of its affairs the management shall at all times be mindful of these charitable objects and purposes. In the event that any provision of this Section 1 is inconsistent with any provision of the articles of incorporation of the Corporation, the provisions of the articles of incorporation of the Corporation shall prevail and be controlling.

Section 2. Principal Office. The principal office of the Corporation shall be located in San Diego County, California. The Board of Directors ("Board") of the Corporation is hereby granted full authority and power to change the principal office from place to place as it is deemed necessary. Any such change of location may be noted in the bylaws by the Secretary opposite this Section 2 or this Section may be amended to state the new location.

ARTICLE II - MEMBERSHIP

Section 1. Members. There shall be no Members of the Corporation. Any action which would otherwise require approval by a majority of all Members or approval by the Members shall require only approval by the Board of Directors. All rights which would otherwise vest in the Members shall vest in the Board of Directors.

Section 2. Honorary Members. The Board of Directors may, by appropriate resolution, from time to time define and establish honorary members, auxiliaries, friends, and other support groups for the Corporation. None of such honorary members, auxiliaries, friends or groups, or the constituents thereof, shall be or have the rights and privileges of "Members" within the meaning of Section 5056 of the California Nonprofit Corporation Law with respect to the Corporation.

ARTICLE III - BOARD OF DIRECTORS

Section 1. Powers. Subject to any limitations in the articles of incorporation, these bylaws and the laws of the State of California, all powers of the Corporation shall be exercised by or under authority of, its property controlled and its affairs conducted and managed by, a Board of Directors. The primary function of the Board of Directors shall be to establish corporate policies for the direction and guidance of the Executive Committee, if any, the officers, and the management of the Corporation, and to formulate the basic rules and regulations governing the operation and management of the Corporation. Without limiting the foregoing, the Board shall also have the following powers:

(a) To select and remove any and all officers, agents and employees of the Corporation, prescribe such powers and duties for them as may not be inconsistent with the

California Nonprofit Corporation Law, the articles of incorporation or these bylaws, fix their compensation, and require from them security for faithful service;

(b) To conduct, manage and control the affairs and business 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;

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

(d) To appoint an Executive Committee and other committees, and to delegate any of the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, subject to the limitations set forth in Section 6 of Article V of these bylaws.

Section 2. Number of Directors. The number of Directors shall be not less than one (1) nor more than ten (10) with the exact number of Directors set by the Board of Directors of the Corporation, unless and until changed by amendment of the articles of incorporation, or by amendment of this Section 2.

Section 3. Classification, Term of Office and Election of Directors.

(a) The authorized Directors may be divided into three groups as nearly equal in number as possible, designated as Group I, Group II and Group III as follows:

(i) Group I shall consist of Directors having an initial term of office of one (1) year;

(ii) Group II shall consist of Directors having an initial term of office of two (2) years; and

(iii) Group III shall consist of Directors having an initial term of office of three years.

(b) The Directors in each group shall hold office until their respective initial terms have expired. Thereafter, each year the Directors shall elect a number of Directors equal to the number of Directors whose terms have expired, for a full term of three (3) years. Each Director shall serve for a term of three (3) years from the date of expiration of the term of the Director to whose office he or she succeeds or until the occurrence of one of the events specified in Sections 4 or 18 of this Article III, whichever first occurs. Any Director elected to succeed a Director who leaves or is removed from office for any reason prior to expiration of his or her term shall serve the balance of that term. Directors may be elected at any regular or special meeting of the Directors duly called and held. Directors may serve an unlimited number of successive terms.

Section 4. Vacancies.

(a) All vacancies on the Board of Directors shall be filled by a majority of the remaining Directors though less than a quorum, or by a sole remaining Director. Each Director so elected to fill a vacancy shall hold office for the remainder of the predecessor's unexpired term and until the election of a successor as set forth in Section 3 of this Article III.

(b) If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board of Directors shall have the power to elect a successor to take office when the resignation shall become effective.

(c) No reduction in the number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office.

(d) A vacancy or vacancies in the Board of Directors shall be deemed to exist on the death, resignation or removal of any Director; upon the failure of any Director to

attend at least fifty percent (50%) of the regular Board meetings in any one year (between annual organizational meetings of the Board); upon any Director's unexcused absence from three (3) consecutive regular Board meetings; whenever the fixed number of Directors is increased; upon the expiration of the term of office of any Director; or upon the failure of the Directors, at any regular or special meeting at which any Director or Directors are elected, to elect the full number of Directors to be voted for at that meeting.

Section 5. Annual Organization Meeting. The annual organization meeting of the Board of Directors shall be held in the month of January of each year for the purpose of organization, appointment of officers and the transaction of such other business as may properly be brought before the meeting.

Section 6. Regular Meetings. Regular meetings of the Board of Directors shall be held at least annually on such dates and at such times as shall be determined by the Board.

Section 7. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes shall be called at any time by the President, the Chairperson of the Board, the Secretary or any two Directors of the Corporation. The party calling such special meeting shall determine the date and time thereof.

Section 8. Place of Meeting. All meetings of the Directors shall be held at the office of the Corporation in the State of California or at such other place as may be designated for that purpose from time to time by the Board of Directors.

Section 9. Notice of Meetings. Notice of the date, time and place of meetings of the Board of Directors shall be given to each Director at least forty-eight (48) hours before the date of the meeting if delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means, and at least four (4) days before the date of the

meeting if given by first class mail, postage prepaid, addressed to the Director at the address as it is shown upon the records of the Corporation, or if it is not so shown on such records, or is not readily ascertainable, at the place in which the meetings of the Directors are regularly held. Whenever any Director has been absent from any meeting of the Board of Directors, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such Director as required by the California Nonprofit Corporation Law and these bylaws. Notice of special meetings shall specify the nature of the business to be transacted. No items of business other than those specified in the notice of a special meeting may be transacted at a special meeting.

Section 10. Consent to Meetings; Waiver of Notice. The transaction of any meeting of the Board of Directors, however called and noticed and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum is present, and if, either before or after the meeting, each of the Directors entitled to vote, not present in person, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting need not be given to any Director who attends the meeting without protesting prior to or at the commencement of the meeting, the lack of notice to such Director.

Section 11. Quorum. At all meetings of the Board of Directors a majority of the number of Directors then in office shall be necessary and sufficient to constitute a quorum for the transaction of business except to adjourn as provided in Section 16 of this Article III. The act of a majority of the Directors present at any time at which there is a quorum shall be the act of the Board of Directors, unless a greater number is required by these bylaws or by law. Notwithstanding the previous provisions of this Section 11, a meeting at which a quorum is

initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 12. Conduct of Meetings. The Chairperson of the Board of Directors, or, in his or her absence, the Vice Chairperson, or, in his or her absence, any other person chosen by a majority of the Directors present shall be chairman of and shall preside over the meetings of the Board of Directors. The Secretary of the Corporation shall act as the secretary of all meetings, provided that in his or her absence, the Chairperson shall appoint another person to act as secretary of the meetings. The meetings shall be governed as the Directors shall agree; in the absence of such agreement, Robert's Rules of Order, as may be amended from time to time, shall govern the meetings insofar as such rules are not inconsistent with or in conflict with these bylaws, the articles of incorporation, or the law.

Section 13. Proxy Voting Prohibited. Voting by proxy shall not be permitted.

Section 14. Action by Unanimous Written Consent. Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors shall individually or collectively consent in writing to such action. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 15. Participation in Meetings by Conference Telephone. Members of the Board of Directors may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meetings can hear one another.

Section 16. Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any Directors' meeting to another time and place. Notice of the time and

place of holding an adjourned meeting need not be given to absent Directors unless the original meeting is adjourned for more than twenty-four (24) hours. The time and place of the adjourned meeting shall be fixed at the meeting adjourned, except as provided in the next sentence. If the original meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time and place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of adjournment.

Section 17. Rights of Inspection. Every Director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind except any records whose confidentiality and prohibition from disclosure is prescribed by law.

Section 18. Removal of Directors; Resignation. A Director or Directors may be removed from office by a vote of the majority of the Board at any Board meeting, with or without cause. Any Director may resign at any time by giving written notice of such resignation to the Board, unless there would be no Director left in charge of the Corporation's affairs upon resignation by said Director, in which case said Director must first give notice to the Attorney General for the State of California of the intended resignation. Such resignation shall take effect at the time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 19. Fees and Compensation. Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement for expenses, as may be fixed or determined by the Board of Directors.

Section 20. Freedom from Liability. No Director of this Corporation shall be personally liable for the debts, liabilities, or obligations of the Corporation.

Section 21. Interested Persons. Pursuant to Section 5227 of the California Nonprofit Corporation Law, no more than forty-nine percent (49%) of the Directors serving on the Board

may be "interested persons." For the purposes of this Section 21, "interested person" means either (i) any person currently 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, excluding any reasonable compensation paid to a Director as Director; or (ii) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, father-in-law of any such person. In light of the foregoing limitations, all Directors shall fill out an annual questionnaire dealing with this subject matter.

Section 22. Standard of Conduct. Pursuant to Section 5231 of the California Nonprofit Corporation Law, a Director shall perform the duties of a Director, including duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Corporation and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances. 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:

(a) One or more officers or employees of the Corporation whom the Director believes to be reliable and competent in the matters presented;

(b) Counsel, independent accountants or other persons as to matters which the Director believes to be within such person's professional or expert competence; or

(c) 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.

Section 23. Self-Dealing Transactions. Pursuant to Section 5233 of the California Nonprofit Corporation Law, the Corporation shall not be a party to a transaction in which one or more of its Directors has a material financial interest ("Interested Director") unless:

(a) The Attorney General, or the court in an action in which the Attorney General is an indispensable party, has approved the transaction before or after it was consummated; or

(b) Prior to entering into the transaction, after full disclosure to the Board of all material facts regarding the proposed transaction and the Interested Director's interest, and after investigation and report to the Board as to alternative arrangements for the proposed transaction, if any, the Board in good faith and by a vote of a majority of the Directors then in office (without including the vote of the Interested Director):

(1) Resolves and finds that (i) the transaction is in the Corporation's best interest and for the Corporation's own benefit, (ii) the transaction is fair and reasonable as to the Corporation, and (iii) after reasonable investigation under the circumstances as to alternatives, the Corporation could not have obtained a more advantageous arrangement with reasonable efforts under the circumstances; and

(2) Approves the entire transaction. In the event it is not reasonably practicable to obtain approval of the Board prior to entering into such transaction, the Corporation may enter into such transaction if, prior to entering into said transaction, a committee or person authorized by the Board approves the transaction in a manner consistent with the procedure set forth in this section and the Board, after determining in good faith that the Corporation entered into the transaction for its own benefit and that the transaction was fair and reasonable as to the Corporation at the time it was entered into, ratifies the transaction at its next meeting by a vote of the majority of the Directors then in office, without counting the vote of

the Interested Director. In light of the foregoing limitations, all Directors shall fill out an annual questionnaire dealing with this subject matter.

ARTICLE IV - OFFICERS

Section 1. Officers. The officers of the Corporation shall be a Chairperson of the Board or a President (who may also be referred to as the Chief Executive Officer) or both, a Secretary, a Chief Financial Officer, and any other officers with such titles as the Board of Directors may appoint from time to time, including, but not limited to, assistant officers, assistant secretaries, additional vice presidents, an Executive Director and a Vice Chairperson of the Board. All officers shall be chosen by, and hold office at the pleasure of the Board of Directors, subject to the rights, if any, of any officer under any contract of employment. One person may hold two offices, except that neither the Secretary nor the Chief Financial Officer may serve concurrently as the President or Chairperson of the Board. Compensation for officers and reimbursement of their expenses shall be as determined from time to time by the Board of Directors.

Section 2. Appointment of Officers. The officers of the Corporation shall be chosen annually by the Board of Directors to serve one term of office, and each shall hold office until his or her successor shall be appointed and qualified to serve, or until he or she shall resign or shall be removed or disqualified to serve. A term of office shall consist of one year.

Section 3. Subordinate Officers. The Board of Directors may elect or authorize the appointment of such officers other than those hereinbefore mentioned as the business of the Corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws, or as the Board of Directors may from time to time authorize or determine.

Section 4. Chairperson of the Board. The Chairperson of the Board, if present, shall preside at all meetings of the Board of Directors and Executive Committee, appoint the chairpersons of all committees, serve as an ex-officio member of all committees, and exercise and perform such other powers and duties as may from time to time be assigned by the Board of Directors.

Section 5. Vice Chairperson of the Board. In the absence or disability of the Chairperson of the Board, the Vice Chairperson of the Board, if appointed, shall perform all of the duties of the Chairperson of the Board, and when so acting shall have all of the powers of, and be subject to all of the restrictions upon, the Chairperson of the Board. The Vice Chairperson of the Board shall have such other powers and perform such other duties as from time to time may be prescribed for the Vice Chairperson by the Board of Directors or the bylaws.

Section 6. President/Chief Executive Officer; Vice President. The President, who may also be referred to as the Chief Executive Officer, shall be employed by the Corporation to administer its affairs and have general supervision, direction and control of the business and officers of the Corporation according to policies and procedures approved by the Board. He or she shall be an ex-officio member of all of the standing committees of the Corporation, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these bylaws. The President's specific responsibilities shall include general management, general direction of the programs of the Corporation, fund raising, whether for capital, endowment or current purposes, budget preparation and control, accounting and reporting of financial transactions, management and supervision of personnel, and development of public relations. The President shall report to the Directors, and his or her salary shall be fixed by the Board of Directors. The President shall have the

responsibility of selecting and dismissing the employees of the Corporation in accordance with current personnel policies of the Corporation. If the Corporation has more than one Vice President, the President shall have the authority to designate the order in which they shall serve in place of and instead of the President in his or her absence. The Vice President acting in the President's absence shall have all of the powers and duties of the President. All or part of the above duties may be delegated to staff of the Corporation, with ultimate responsibility remaining with the President.

Section 7. Secretary. The Secretary shall keep or cause to be kept, at the principal office of the corporation in the State of California, the original or a copy of the Corporation's articles of incorporation and bylaws, as amended to date. The Secretary also shall keep or cause to be kept a book of minutes at the principal office, or at such other place as the Board of Directors may order, of all meetings of the Directors, with the time and place of holding, whether regular or special; and if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, and the proceedings thereof. The Secretary shall give or cause to be given notice of all the meetings of the Board of Directors required by these bylaws or by law to be given and he or she shall keep the seal and perform such other duties as may be prescribed by the Board of Directors and by these bylaws. All or part of the above duties may be delegated to staff of the Corporation, with ultimate responsibility remaining with the Secretary.

Section 8. Chief Financial Officer. The Chief Financial Officer shall make provision for the care and custody of all funds of the Corporation, shall make provision for the deposit of such funds as required and designated by the Board of Directors, shall make provision for the maintenance of adequate accounts of the properties and business transactions of the Corporation, shall render reports and financial statements to the Directors as required by the Board of Directors. In addition, the Chief Financial Officer shall keep and maintain or cause to be kept

and maintained adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains and losses. The books of account shall at all times be open to inspection by any Director. The Chief Financial Officer shall deposit or cause to be deposited all monies and other valuables in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Chief Financial Officer shall disburse or cause to be disbursed the funds of the Corporation as shall be ordered by the Board of Directors, shall render to the Chairperson of the Board and Directors, whenever they shall request it, an account of all transactions as Chief Financial Officer and the financial condition of the Corporation, shall take or cause to be taken proper vouchers for all disbursements of the funds of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors and by these bylaws. All or part of the above duties may be delegated to staff of the Corporation with ultimate responsibility remaining with the Chief Financial Officer.

Section 9. Executive Director. If, and at such time as the Board of Directors may appoint an Executive Director, he or she may also be, as determined by the Board, the President (Chief Executive Officer) of the Corporation and as such shall have the authority and responsibility for the day-to-day management and administration of the affairs, employees and resources of the Corporation, and for implementation of the policies and programs of the Corporation. The Executive Director shall, subject to the policies of the Corporation, employ, supervise, manage, control and discharge the employees of the Corporation. The Executive Director shall advise and counsel the Board of Directors in matters of policy and shall act as a representative for the Corporation at community, state and national meetings.

Section 10. Removal. All officers shall hold office at the pleasure of the Board. Any officer may be removed, either with or without cause, by the Board of Directors at any time.

The removal of any officer shall be without prejudice to the rights, if any, of him or her under any contract of employment with the Corporation.

Section 11. Resignation. Any officer may resign at any time by giving written notice to the Corporation, but without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 12. Vacancies. 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 regular election or appointment of such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

ARTICLE V - COMMITTEES

Section 1. Committees. The Chairperson of the Board may appoint, subject to Board approval, an Executive Committee, and any other committees, for such tenure and such purposes as the Board may from time to time determine. The Executive Committee and any other committee having the authority of the Board shall be comprised of at least three (3) Directors, and may be delegated any of the powers and authority of the Board in the management of the business and affairs of the Corporation, except as provided in Section 6 of this Article V.

Section 2. Executive Committee. The Executive Committee shall be a standing committee and shall consist of officers of the Corporation, and such other Directors as shall be appointed from time to time. The Chairperson of the Board shall be the chairman of the Executive Committee. The Executive Committee shall have the power and duty to conduct such affairs of the Corporation and to exercise such powers as may be delegated to it by the Board of

Directors at such times as the Board is not in session. The Executive Committee shall hold such meetings as shall be directed by the Board of Directors or called by the Chairperson of the Board at such times and places as may be convenient to conduct business. Each committee member shall have one vote and all matters shall be decided by a majority vote. A majority of the committee shall constitute a quorum. A member of the committee may not vote by proxy. All actions taken by the Executive Committee shall be reported at the next regular meeting of the Board of Directors.

Section 3. Other Standing Committees. The following standing committees of the Corporation shall be appointed for a term of one (1) year, but with the privilege of reappointment. Unless otherwise specifically authorized by the Board; these committees shall act subject to Board approval:

(a) Property Resource Committee. The Property Resource Committee shall have the responsibility to review and to recommend to the Board all major plans for leasing, remodeling, refurbishing, new construction, purchase and/or the sale of any building and real or personal property owned by the Corporation.

(b) Community Relations/Fund Development Committee. The Community Relations/Fund Development Committee shall be responsible for keeping the community aware of the Corporation's activities and need for contributions. The Committee shall have the responsibility to develop a program for publicity and overall plans for fund raising for the Corporation.

(c) Nominating Committee. The Nominating Committee shall operate on a year-round basis giving consideration to persons suitable for membership on the Board of Directors and committees. It shall present a slate of nominees at the annual meeting of the Board

of Directors and shall recommend nominees to the Board of Directors for any vacancy that may exist at any time.

(d) Finance and Budget Committee. The Finance and Budget Committee shall consider and make recommendations to the Board on the general control of the Corporation's fiscal operations, including the receipt of donations, expenditures of the Corporation and use of the Corporation's funds. If delegated to do so by the Board, this committee shall direct and handle the investment of the Corporation's property or funds. The Chief Financial Officer shall be a member of the Finance and Budget Committee.

Section 4. Additional Committees. The Board of Directors may appoint one or more additional committees, each consisting of two (2) or more Directors and such other persons as the Board may specify, to serve at the pleasure of the Board of Directors. Any such committee must be created, and the members thereof appointed by resolution adopted by a majority of the authorized number of Directors then in office provided a quorum is present. The Board of Directors may appoint, in the same manner, alternate members of any committee who may replace any absent member at any meeting of the committee. All members of all committees shall serve at the pleasure of the Board of Directors. The Board of Directors shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board or such committee shall otherwise provide, the regular and special meetings and other actions of any such committee shall be governed by the provisions of Article III applicable to meetings and actions of the Board of Directors. Minutes shall be kept of each meeting of each committee. The Board of Directors may delegate to any such committee any of the authority of the Board of Directors except as provided in Section 6 of this Article V.

Section 5. Advisory Committees. The Board of Directors may appoint one or more advisory committees each consisting of Directors, nondirectors, or Directors and nondirectors. Advisory committees shall have no legal authority to act for the Corporation, but shall report their findings and recommendations to the Board of Directors.

Section 6. Prohibited Delegation of Authority. The Board of Directors shall not delegate to any committee any of the following authority:

(a) The approval of any action for which the California Nonprofit Public Benefit Corporation Law also requires approval of the members or approval of a majority of all members;

(b) The filling of vacancies on the Board of Directors or on any committee;

(c) The fixing of compensation of the Directors for serving on the Board of Directors or on any committee;

(d) The amendment or repeal of bylaws or the adoption of new bylaws;

(e) The amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable;

(f) The appointment of other committees of the Board of Directors or the members thereof;

(g) The expenditure of corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected; or

(h) The approval of any self-dealing transaction, as such transactions are defined in Section 5233(a) of the California Nonprofit Corporation Law.

ARTICLE VI - GENERAL PROVISIONS

Section 1. Voting Shares. The Corporation may vote any and all shares held by it in any other corporation by such officer, agent or proxy as the Board of Directors may appoint, or in the absence of any such appointment, by the Chairperson of the Board or by any other officer, if also a Director and, in such case, such officers or any of them, may likewise appoint a proxy to vote said shares.

Section 2. Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness issued in the name of or payable to the Corporation and any and all securities owned or held by the Corporation requiring signature for the transfer shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by the Board of Directors or the Executive Committee, if any.

Section 3. Endorsement of Documents; Contracts. Subject to the provisions of applicable laws, 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 any officer, shall be valid and binding on the Corporation in the absence of actual knowledge on the part of the other person that the signing officer(s) had no authority to execute the same. Any such instruments may be signed by any other person or persons and in such manner as from time to time shall be determined by the Board of Directors or the Executive Committee, and, unless so authorized by the Board of Directors, 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 4. Annual Report. The Chief Financial Officer shall cause an annual report to be prepared and sent to each Director, including ex-officio directors, and officers of the

Corporation, and such other persons as are designated by the Board of Directors no later than 120 days after the close of the fiscal or calendar year. Such annual report shall be prepared in conformity with the requirements of the California Nonprofit Corporation Law now in effect and as it may hereafter be amended.

Section 5. Construction and Definitions. Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the general provisions of the California Nonprofit Corporation Law and in the California Nonprofit Public Benefit Corporation Law shall govern the construction of these bylaws.

Section 6. Gender. As used in these bylaws, the masculine gender shall include both the masculine and the feminine gender.

ARTICLE VII - INDEMNIFICATION

Section 1. Definitions. For the purposes of this Article VII, "agent" means any person who is or was a director, officer, employee or other agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of the Corporation or of another enterprise at the request of such predecessor corporation; and "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and "expenses" includes, without limitation, attorneys' fees and any expenses of establishing a right to indemnification under Sections 4 or 5(b) of this Article VII.

Section 2. Indemnification in Actions by Third Parties. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any

proceeding (other than an action by or in the right of the Corporation to procure a judgment in its favor, an action brought under Section 5233 of the California Nonprofit Corporation Law, or an action brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of the Corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the Corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

Section 3. Indemnification in Actions by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the Corporation, or brought under Section 5233 of the California Nonprofit Corporation Law, or brought by the Attorney General or a person granted relator status by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an agent of the Corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interest of the Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 3:

(a) In respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation in the performance of such person's duty to the Corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;

(b) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(c) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval, unless it is settled with the approval of the Attorney General.

Section 4. Indemnification Against Expenses. To the extent that an agent of the Corporation has been successful on the merits in defense of any proceeding referred to in Section 2 or 3 of this Article VII or in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

Section 5. Required Determinations. Except as provided in Section 4 of this Article VII any indemnification under this Article VII shall be made by the Corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Sections 2 or 3 of this Article VII, by:

(a) A majority vote of a quorum consisting of directors who are not parties to such proceeding; or

(b) The court in which such proceeding is or was pending upon application made by the Corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by the Corporation.

Section 6. Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by the Corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article VII.

Section 7. Other Indemnification. No provision made by the Corporation to indemnify its or its subsidiary's directors or officers for the defense of any proceeding, whether contained in the articles of incorporation, bylaws, a resolution of the directors, an agreement or otherwise, shall be valid unless consistent with this Article VII. Nothing contained in this Article VII shall affect any right to indemnification to which persons other than such directors and officers may be entitled by contract or otherwise. The Corporation shall have the power to indemnify, to advance expenses to, or to procure insurance for any person, who is an agent of the Corporation as long as such actions are consistent with this Article VII and comply with the California Nonprofit Corporation Law.

Section 8. Forms of Indemnification not Permitted. No indemnification or advance shall be made under this Article VII, except as provided in Sections 4 or 5(b), in any circumstances where it appears:

(a) That it would be inconsistent with a provision of the articles of incorporation, these bylaws or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 9. Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Corporation would have the power to indemnify the agent against such liability under the provisions of this Article VII, provided, however, that the Corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the Corporation for a violation of Section 5233 of the California Nonprofit Public Benefit Corporation Law.

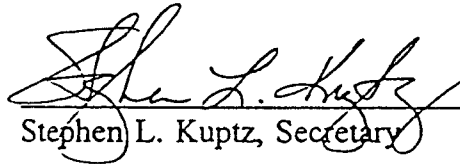
Section 10. Nonapplicability to Fiduciaries of Employee Benefit Plans. This Article VII does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the Corporation as defined in Section 1 of this Article VII. The Corporation shall have power to indemnify such trustee, investment manager or other fiduciary to the extent permitted by subdivision (f) of Section 207 of the California General Corporation Law.

ARTICLE VIII - AMENDMENT

These bylaws and any part thereof may be amended and repealed and new bylaws may be adopted only by the affirmative vote of a majority of the number of Directors of the Corporation then in office.

CERTIFICATE OF SECRETARY REGARDING BYLAWS

The undersigned hereby certifies that he is the duly appointed and acting Secretary of Wakeland Housing and Development Corporation, and that the foregoing bylaws, consisting of 25 pages (inclusive of this page, but exclusive of the cover sheet and table of contents) were duly adopted as of January 4, 1999, and that they constitute the corporate bylaws of Wakeland Housing and Development Corporation in effect as of this date.



Stephen L. Kuptz, Secretary

AMENDED AND RESTATED
BYLAWS OF
WAKELAND HOUSING AND DEVELOPMENT CORPORATION
A California Nonprofit Corporation

AMENDED AND RESTATED
BYLAWS OF
WAKELAND HOUSING AND DEVELOPMENT CORPORATION

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AMENDED AND RESTATED
BYLAWS OF
WAKELAND HOUSING AND DEVELOPMENT CORPORATION

ARTICLE I - PURPOSE AND OFFICE

Section 1. Objects and Purposes. Wakeland Housing and Development Corporation (the “Corporation”) has been formed under the California Nonprofit Public Benefit Corporation Law to contribute to the general welfare of society by providing low and moderate income persons, elderly persons and disabled persons with affordable housing by acquiring and/or developing low and moderate income housing and providing ancillary economic development activities. The Corporation and all of its businesses and other activities are to be operated and conducted in the promotion of its charitable objects and purposes as specified in its articles of incorporation, and in the conduct of its affairs the management shall at all times be mindful of these charitable objects and purposes. In the event that any provision of this Section 1 is inconsistent with any provision of the articles of incorporation of the Corporation, the provisions of the articles of incorporation of the Corporation shall prevail and be controlling.

Section 2. Principal Office. The principal office of the Corporation shall be located at 1230 Columbia Street, Suite 950, San Diego, in San Diego County, California. The Board of Directors (“Board”) of the Corporation is hereby granted full authority and power to change the principal office from place to place as it is deemed necessary. Any such change of location may be noted in the bylaws by the Secretary opposite this Section 2 or this Section may be amended to state the new location.

Section 3. Other Offices. The Board may at any time establish branch offices at any place or places where the Corporation is qualified to conduct its activities in order to advance the proper purposes of the Corporation.

ARTICLE II - MEMBERSHIP

Section 1. Members. There shall be no Members of the Corporation within the meaning of the California Nonprofit Corporation Law. Any action which would otherwise require approval by a majority of all Members or approval by the Members shall require only approval by the Board of Directors. All rights which would otherwise vest in the Members shall vest in the Board of Directors.

Section 2. Honorary Members. The Board of Directors may, by appropriate resolution, from time to time define and establish honorary members, auxiliaries, friends, and other support groups for the Corporation. None of such honorary members, auxiliaries, friends or groups, or the constituents thereof, shall be or have the rights and privileges of "Members" within the meaning of Section 5056 of the California Nonprofit Corporation Law with respect to the Corporation.

ARTICLE III - BOARD OF DIRECTORS

Section 1. Powers. Subject to any limitations in the articles of incorporation, these bylaws and the laws of the State of California, all powers of the Corporation shall be exercised by or under authority of, its property controlled and its affairs conducted and managed by, a Board of Directors. The primary function of the Board of Directors shall be to establish corporate policies for the direction and guidance of the Executive Committee, if any, the officers, and the management of the Corporation, and to formulate the basic rules and regulations

governing the operation and management of the Corporation. Without limiting the foregoing, the Board shall also have the following powers:

(a) To select and remove any and all officers, agents and employees of the Corporation, prescribe such powers and duties for them as may not be inconsistent with the California Nonprofit Corporation Law, the articles of incorporation or these bylaws, fix their compensation, and require from them security for faithful service;

(b) To conduct, manage and control the affairs and business 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;

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

(d) To appoint an Executive Committee and other committees, and to delegate any of the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, subject to the limitations set forth in Section 6 of Article V of these bylaws.

Section 2. Number of Directors. The number of Directors shall be not less than three (3) nor more than eighteen (18) with the exact number of Directors to be determined by resolution of the Board of Directors of the Corporation , unless and until changed by amendment of the articles of incorporation, or by amendment of this Section 2.

Section 3. Classification, Term of Office and Election of Directors.

(a) The authorized Directors may be divided into three groups as nearly equal in number as possible, designated as Group I, Group II and Group III as follows:

(i) Group I shall consist of Directors having an initial term of office of one (1) year;

(ii) Group II shall consist of Directors having an initial term of office of two (2) years; and

(iii) Group III shall consist of Directors having an initial term of office of three years.

(b) The Directors in each group shall hold office until their respective initial terms have expired. Thereafter, each year the Directors shall elect a number of Directors equal to the number of Directors whose terms have expired, for a full term of three (3) years. Each Director shall serve for a term of three (3) years from the date of expiration of the term of the Director to whose office he or she succeeds or until the occurrence of one of the events specified in Sections 4 or 18 of this Article III, whichever first occurs. Any Director elected to succeed a Director who leaves or is removed from office for any reason prior to expiration of his or her term shall serve the balance of that term. Directors may be elected at any regular or special meeting of the Directors duly called and held. Directors may serve an unlimited number of successive terms.

Section 4. Vacancies.

(a) All vacancies on the Board of Directors shall be filled by a majority of the remaining Directors though less than a quorum, or by a sole remaining Director. Each

Director so elected to fill a vacancy shall hold office for the remainder of the predecessor's unexpired term and until the election of a successor as set forth in Section 3 of this Article III.

(b) If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board of Directors shall have the power to elect a successor to take office when the resignation shall become effective.

(c) No reduction in the number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office.

(d) A vacancy or vacancies in the Board of Directors shall be deemed to exist on the death, resignation or removal of any Director, upon the failure of any Director to attend at least fifty percent (50%) of the regular Board meetings in any one year (between annual organizational meetings of the Board); upon any Director's unexcused absence from three (3) consecutive regular Board meetings; whenever the fixed number of Directors is increased; upon the expiration of the term of office of any Director; or upon the failure of the Directors, at any regular or special meeting at which any Director or Directors are elected, to elect the full number of Directors to be voted for at that meeting.

Section 5. Annual Organization Meeting. The annual organization meeting of the Board of Directors shall be held in the month of January of each year for the purpose of organization, election or appointment of officers and the transaction of such other business as may properly be brought before the meeting.

Section 6. Regular Meetings. Regular meetings of the Board of Directors shall be held at least annually on such dates and at such times as shall be determined by the Board.

Section 7. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the President, the Chairperson of the Board, the

Secretary or any two Directors of the Corporation. The party calling such special meeting shall determine the date and time thereof.

Section 8. Place of Meeting. All meetings of the Directors shall be held at the principal office of the Corporation in the State of California or at such other place as may be designated for that purpose from time to time by the Board of Directors.

Section 9. Notice of Meetings. Notice of the date, time and place of meetings of the Board of Directors shall be given to each Director at least forty-eight (48) hours before the date of the meeting if delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail, or other electronic means, and at least four (4) days before the date of the meeting if given by first class mail, postage prepaid, addressed to the Director at the address as it is shown upon the records of the Corporation, or if it is not so shown on such records, or is not readily ascertainable, at the place in which the meetings of the Directors are regularly held provided that such notice may be waived by any Director as set forth in Section 10 of this Article III. Whenever any Director has been absent from any meeting of the Board of Directors, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such Director as required by the California Nonprofit Corporation Law and these bylaws. Notice of special meetings shall specify the nature of the business to be transacted. No items of business other than those specified in the notice of a special meeting may be transacted at a special meeting.

Section 10. Consent to Meetings; Waiver of Notice. The transaction of any meeting of the Board of Directors, however called and noticed and however held, shall be as valid as though had at a meeting duly held after regular call and notice: (a) if a quorum is present; and (b)

if, either before or after the meeting, each of the Directors entitled to vote, not present in person, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. Such written waiver of notice or consent to the holding of such meeting or an approval of the minutes thereof may be in the form of an email or other electronic communication capable of reproduction. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting need not be given to any Director who attends the meeting without protesting prior to or at the commencement of the meeting, the lack of notice to such Director.

Section 11. Quorum. At all meetings of the Board of Directors a majority of the number of Directors then in office shall be necessary and sufficient to constitute a quorum for the transaction of business except to adjourn as provided in Section 16 of this Article III. The act of a majority of the Directors present at any time at which there is a quorum shall be the act of the Board of Directors, unless a greater number is required by these bylaws or by law. Notwithstanding the previous provisions of this Section 11, a meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 12. Conduct of Meetings. The President, or, in his or her absence, the Chairperson of the Board of Directors, or, in his or her absence, any other person chosen by a majority of the Directors present shall be chairperson of and shall preside over the meetings of the Board of Directors. The Secretary of the Corporation shall act as the secretary of all meetings, provided that in his or her absence, the Chairperson shall appoint another person to act as secretary of the meetings. The meetings shall be governed as the Directors shall agree; in the

absence of such agreement, Robert's Rules of Order, as may be amended from time to time, shall govern the meetings insofar as such rules are not inconsistent with or in conflict with these bylaws, the articles of incorporation, or the law.

Section 13. Proxy Voting Prohibited. Voting by proxy shall not be permitted.

Section 14. Action Without Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting and prior notice, if all members of the Board consent in writing or by electronic communication to that action. Such action by written consent or electronic communication shall have the same force and effect as any other validly approved action of the Board. Such written consent or consents or copies of any electronic communication shall be filed with the minutes of the proceedings of the Board. An electronic transmission consent to action to be taken shall be deemed to be written, signed and dated for purposes of this Section, provided that any such electronic transmission is delivered with information from which the Board can determine (i) that the electronic transmission was transmitted by the director and (ii) the date on which such director transmitted the electronic transmission. The date on which such electronic transmission was transmitted shall be deemed to be date on which such consent was signed. For the purposes of this Section 14 only, "all members of the Board" shall not include directors who have a material financial interest in a transaction to which to Corporation is a party.

Section 15. Participation In Meetings by Communications Equipment. Members of the Board of Directors may participate in a meeting through use of conference telephone, electronic video screen communication, or similar communications equipment, so long as all members participating in such meetings can hear one another. Participation in a meeting pursuant to this bylaw shall constitute presence in person at such meeting.

Section 16. Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any Directors' meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors unless the original meeting is adjourned for more than twenty-four (24) hours. The time and place of the adjourned meeting that be fixed at the meeting adjourned, except as provided in the next sentence. If the original meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time and place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of adjournment. This notice may be waived in the same manner as set forth in Section 10 of this Article III.

Section 17. Rights of Inspection. Every Director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind except any records where confidentiality and prohibition from disclosure is prescribed by law.

Section 18. Removal of Directors; Resignation. A Director or Directors may be removed from office by a vote of the majority of the Board at any Board meeting, with or without cause. Any Director may resign at any time by giving written notice of such resignation to the Board, unless there would be no Director left in charge of the Corporation's affairs upon resignation by said Director, in the case said Director must first give notice to the Attorney General for the State of California of the intended resignation. Such resignation shall take effect at the time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 19. Fees and Compensation. Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement for expenses, as may be fixed or determined by the Board of Directors.

Section 20. Freedom from Liability. No Director of this Corporation shall be personally liable for the debts, liabilities, or obligations of the Corporation.

Section 21. Interested Persons. Pursuant to Section 5227 of the California Nonprofit Corporation Law, no more than forty-nine percent (49%) of the Directors serving on the Board may be “interested persons.” For the purposes of this Section 21, “interested person” means either (i) any person currently 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, excluding any reasonable compensation paid to a Director as Director; or (ii) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, father-in-law of any such person. In light of the foregoing limitations, all Directors shall fill out an annual questionnaire dealing with this subject matter.

Section 22. Standard of Conduct. Pursuant to Section 5231 of the California Nonprofit Corporation Law, a Director shall perform the duties of a Director, including duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Corporation and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances. 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:

(a) One or more officers or employees of the Corporation whom the Director believes to be reliable and competent in the matters presented;

(b) Counsel, independent accountants or other persons as to matters which the Director believes to be within such person’s professional or expert competence; or

(c) 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.

Section 23. Self-Dealing Transactions. Pursuant to Section 5233 of the California Nonprofit Corporation Law, the Corporation shall not be a party to a transaction in which one or more of its Directors has a material financial interest (“Interested Director”) unless:

(a) The Attorney General, or the court in an action in which the Attorney General is an indispensable party, has approved the transaction before or after it was consummated; or

(b) Prior to entering into the transaction, after full disclosure to the Board of all material facts regarding the proposed transaction and the Interested Director’s interest, and after investigation and report to the Board as to alternative arrangements for the proposed transaction, if any, the Board in good faith and by a vote of a majority of the Directors then in office (without including the vote of the Interested Director):

(1) Resolves and finds that (i) the transaction is in the Corporation’s best interest and for the Corporation’s own benefit, (ii) the transaction is fair and reasonable as to the Corporation, and (iii) after reasonable investigation under the circumstances as to alternatives, the Corporation could not have obtained a more advantageous arrangement with reasonable efforts under the circumstances; and

(2) Approves the entire transaction. In the event it is not reasonably practicable to obtain approval of the Board prior to entering into such transaction, the

Corporation may enter into such transaction if, prior to entering into said transaction, a committee or person authorized by the Board approves the transaction in a manner consistent with the procedure set forth in this section and the Board, after determining in good faith that the Corporation entered into the transaction for its own benefit and that the transaction was fair and reasonable as to the Corporation at the time it was entered into, ratifies the transaction at its next meeting by a vote of the majority of the Directors then in office, without counting the vote of the Interested Director. In light of the foregoing limitations, all Directors shall fill out an annual questionnaire dealing with this subject matter.

ARTICLE IV - OFFICERS

Section 1. Officers. The officers of the Corporation shall be a Chairperson of the Board or a President (who may also be referred to as the Chief Executive Officer) or both, a Secretary, a Chief Financial Officer or a Treasurer, or both, and any other officers with such titles as the Board of Directors may appoint from time to time, including, but not limited to, a Vice President, assistant officers, assistant secretaries, additional vice presidents, an Executive Director and a Vice Chairperson of the Board. All officers shall be chosen by, and hold office at the pleasure of the Board of Directors, subject to the rights, if any, of any officer under any contract of employment. One person may hold two offices, except that neither the Secretary, the Treasurer nor the Chief Financial Officer may serve concurrently as the President or Chairperson of the Board. Compensation for officers and reimbursement of their expenses shall be as determined from time to time by the Board of Directors.

Section 2. Election or Appointment of Officers. The officers of the Corporation shall be chosen annually by the Board of Directors to serve one term of office, and each shall hold office until his or her successor shall be appointed and qualified to serve, or until he or she shall

resign or shall be removed or disqualified to serve. Notwithstanding the foregoing, the President is empowered to appoint the Chief Financial Officer of the Corporation. A term of office shall consist of one year. The Board shall appoint such temporary or acting officers as may be necessary during the temporary absence or disability of regular officers.

Section 3. Subordinate Officers. The Board of Directors may elect or authorize the appointment of such officers other than those hereinbefore mentioned as the business of the Corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws, or as the Board of Directors may from time to time authorize or determine.

Section 4. Chairperson of the Board. The Chairperson of the Board, if present, shall preside at all meetings of the Board of Directors and Executive Committee in the absence of the President, appoint the chairpersons of all committees, serve as an ex-officio member of all committees, and exercise and perform such other powers and duties as may from time to time be assigned by the Board of Directors.

Section 5. Vice Chairperson of the Board. In the absence or disability of the Chairperson of the Board, the Vice Chairperson of the Board, if appointed, shall perform all of the duties of the Chairperson of the Board, and when so acting shall have all of the powers of, and be subject to all of the restrictions upon, the Chairperson of the Board. The Vice Chairperson of the Board shall have such other powers and perform such other duties as from time to time may be prescribed for the Vice Chairperson by the Board of Directors or the bylaws.

Section 6. President/Chief Executive Officer; Vice President. The President, who may also be referred to as the Chief Executive Officer, shall be employed by the Corporation to administer its affairs and have general supervision, direction and control of the business and

officers of the Corporation according to policies and procedures approved by the Board. He or she shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these bylaws. The President's specific responsibilities shall include general management, general direction of the programs of the Corporation, fund raising, whether for capital, endowment or current purposes, budget preparation and control, accounting and reporting of financial transactions, management and supervision of personnel, and development of public relations. The President shall report to the Directors, and his or her salary shall be fixed by the Board of Directors. The President shall have the responsibility of selecting and dismissing the employees of the Corporation in accordance with current personnel policies of the Corporation. If the Corporation has more than one Vice President, the President shall have the authority to designate the order in which they shall serve in place of and instead of the President in his or her absence. The Vice President, if any, acting in the President's absence shall have all of the powers and duties of the President. All or part of the above duties may be delegated to staff of the Corporation, with ultimate responsibility remaining with the President.

Section 7. Secretary. The Secretary shall keep or cause to be kept at the principal office of the corporation in the State of California, the original or a copy of the Corporation's articles of incorporation and bylaws, as amended to date. The Secretary also shall keep or cause to be kept a book of minutes at the principal office, or at such other place as the Board of Directors may order, of all meetings of the Directors, with the time and place of holding, whether regular or special; and if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, and the proceedings thereof. The Secretary shall give or cause to be given notice of all the meetings of the Board of Directors required by these bylaws or by

law to be given and he or she shall keep the seal and perform such other duties as may be prescribed by the Board of Directors and by these bylaws. All or part of the above duties may be delegated to staff of the Corporation, with ultimate responsibility remaining with the Secretary.

Section 8. Chief Financial Officer. The Chief Financial Officer shall make provision for the care and custody of all funds of the Corporation, shall make provision for the deposit of such funds as required and designated by the Board of Directors, shall make provision for the maintenance of adequate accounts of the properties and business transactions of the Corporation, shall render reports and financial statements to the Directors as required by the Board of Directors. In addition, the Chief Financial Officer shall keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains and losses. The books of account shall at all times be open to inspection by any Director. The Chief Financial Officer shall deposit or cause to be deposited all monies and other valuables in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Chief Financial Officer shall disburse or cause to be disbursed the funds of the Corporation as shall be ordered by the Board of Directors, shall render to the Chairperson of the Board and Directors, whenever they shall request it, an account of all transactions as Chief Financial Officer and the financial condition of the Corporation, shall take or cause to be taken proper vouchers for all disbursements of the funds of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors and by these bylaws. Subject to the policies and direction of the Board of Directors, the Chief Financial Officer shall report to and be subject to the direct supervision of the President. All or part of the

above duties may be delegated to staff of the Corporation with ultimate responsibility remaining with the Chief Financial Officer.

Section 9. Treasurer. The Treasurer shall exercise general oversight of the financial affairs of the Corporation on behalf of the Board of Directors, with ultimate responsibility for such matters, however, remaining with the Chief Financial Officer. The Treasurer shall serve without compensation.

Section 10. Executive Director. If, and at such time as the Board of Directors may appoint an Executive Director, he or she may also be, as determined by the Board, the President (Chief Executive Officer) of the Corporation and as such shall have the authority and responsibility for the day-to-day management and administration of the affairs, employees and resources of the Corporation, and for implementation, of the policies and programs of the Corporation. The Executive Director shall, subject to the policies of the Corporation, employ, supervise, manage, control and discharge the employees of the Corporation. The Executive Director shall advise and counsel the Board of Directors in matters of policy and shall act as a representative for the Corporation at community, state and national meetings.

Section 11. Removal. All officers shall hold office at the pleasure of the Board. Any officer may be removed, either with or without cause, by the Board of Directors at any time. The removal of any officer shall be without prejudice to the rights, if any, of him or her under any contract of employment with the Corporation.

Section 12. Resignation. Any officer may resign at any time by giving written notice to the Corporation, but without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party. Any such resignation shall take effect at the date of the

receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 13. Vacancies. 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 regular election or appointment of such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

ARTICLE V - COMMITTEES

Section 1. Committees. The Board of Directors may, by resolution adopted by a majority of the Directors then in office, designate one or more committees of the Board consisting of two or more Directors, and only of directors, to serve at the pleasure of the Board. Appointments to committees of the Board shall be by majority vote of a quorum of the Board. The Board may appoint one or more Directors as alternate members of any such committee, who may replace any absent member at any committee meeting. Any member of any committee may be removed, with or without cause, at any time by the Board. The Executive Committee and any other committee having the authority of the Board shall be comprised of at least three (3) Directors, and may be delegated any of the powers and authority of the Board in the management of the business and affairs of the Corporation, except as provided in Section 6 of this Article V.

Section 2. Executive Committee. The Executive Committee shall be a standing committee and shall consist of the Chairperson of the Board, the immediate past Chairperson of the Board (if still serving as a Director) and officers of the Corporation who are also Directors, and such other Directors as shall be appointed from time to time. By invitation, the President shall preside over meetings of the Executive Committee, otherwise the Chairperson of the Board shall be the chairperson of the Executive Committee. The Executive Committee, unless limited

by a resolution of the Board, shall have and may exercise all the authority of the Board in the management of the business and affairs of the Corporation at such times as the Board is not in session. The Executive Committee shall hold such meetings as shall be directed by the Board of Directors or called by the Chairperson of the Board at such times and places as may be convenient to conduct business. Each committee member shall have one vote and all matters shall be decided by a unanimous vote. A majority of the committee shall constitute a quorum. A member of the committee may not vote by proxy. All actions taken by the Executive Committee shall be reported at the next regular meeting of the Board of Directors.

Section 3. Compensation Committee and Compensation Review. At any time this Corporation compensates its President or Chief Financial Officer, the Corporation shall have a Compensation Committee consisting of at least three Directors and exclusively of Directors, unless the compensation review activities described in this Section 3 are otherwise undertaken directly by the Board of Directors. Directors who are also employees of the Corporation may not serve on the Compensation Committee. Subject to the foregoing, the Executive Committee may act in the capacity of the Compensation Committee. The Compensation Committee shall review the compensation of the President, Chief Financial Officer, Treasurer (if any), and Vice President (if any) as well as of such other officers of the Corporation as the Compensation Committee determines appropriate. This review shall occur when such officer is hired, when the term of employment of such officer is renewed or extended, and when the compensation of such officer is modified, unless the modification applies to substantially all of the employees of this Corporation. Based on its review, the Compensation Committee shall recommend just and reasonable compensation amounts to the Board. At the request of the President or the Board, the

Compensation Committee shall review any issue involving staff compensation and benefits, including but not limited to health and retirement plans.

Section 4. Audit Committee. At all times that this Corporation is required by applicable law to have an independent audit, or at any time the Corporation voluntarily chooses to do so, the Corporation shall have an Audit Committee consisting of at least two Directors and which may include nonvoting advisors. Directors who are employees of the Corporation or who receive, directly or indirectly, any consulting, advisory, or other compensatory fees from the Corporation (other than for service as Director) may not serve on the Audit Committee. The President and Treasurer, if also Directors, may serve on the Audit Committee only if such persons are volunteers and are not compensated by this Corporation. The Audit Committee shall perform the duties and adhere to the guidelines set forth from time to time by the Board. These duties include, but are not limited to: (i) assisting the Board in choosing an independent auditor and recommending termination of the auditor, if necessary, (ii) negotiating the auditor's compensation, (iii) conferring with the auditor regarding the Corporation's financial affairs, and (iv) reviewing and accepting or rejecting the audit. Members of the Audit Committee shall not receive compensation for their service on the Audit Committee in excess of that provided to Directors for their service on the Board. If the Corporation has a Finance Committee, a majority of the members of the Audit Committee may not concurrently serve as members of the Finance Committee, and the Chair of the Audit Committee may not serve on the Finance Committee.

Section 5. Additional Committees. The Board of Directors may appoint one or more additional committees, each consisting of three (3) or more Directors and such other persons as the Board may specify, to serve at the pleasure of the Board of Directors. Any such committee must be created, and the members thereof appointed by resolution adopted by a majority of the

authorized number of Directors then in office provided a quorum is present. The Board of Directors may appoint, in the same manner, alternate members of any committee who may replace any absent member at any meeting of the committee. All members of all committees shall serve at the pleasure of the Board of Directors. The Board of Directors shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board or such committee shall otherwise provide, the regular and special meetings and other actions of any such committee shall be governed by the provisions of Article III applicable to meetings and actions of the Board of Directors. Minutes shall be kept of each meeting of each committee. The Board of Directors may delegate to any such committee any of the authority of the Board of Directors except as provided in Section 6 of this Article V.

Section 6. Advisory Committees. The Board of Directors may appoint one or more advisory committees each consisting of Directors, nondirectors, or Directors and nondirectors. Advisory committees shall have no legal authority to act for the Corporation, but shall report their findings and recommendations to the Board of Directors.

Section 7. Prohibited Delegation of Authority. The Board of Directors shall not delegate to any committee any of the following authority:

(a) The approval of any action for which the California Nonprofit Public Benefit Corporation Law also requires approval of the members or approval of a majority of all members;

(b) The filling of vacancies on the Board of Directors or on any committee that has the authority of the Board;

(c) The fixing of compensation of the Directors for serving on the Board of Directors or on any committee;

(d) The amendment or repeal of articles of incorporation or bylaws or the adoption of new bylaws;

(e) The amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable;

(f) The appointment of other committees of the Board of Directors or the members thereof;

(g) The expenditure of corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected; or

(h) The approval of any self-dealing transaction, as such transactions are defined in Section 5233(a) of the California Nonprofit Corporation Law.

Section 8. Meeting and Action of Committees. Meetings and actions of committees of the Board shall be governed by and held, in accordance with the provisions of these bylaws concerning meetings and other board actions, except that the time for regular meetings of such committees and the calling of special meetings of such committees may be determined either by board resolution or, if there is none, by resolution of the committee of the Board. Minutes of each meeting of any committee of the Board shall be kept and shall be filed with the corporate records. The Board may adopt rules for the government of any committee, provided they are consistent with these bylaws or, in the absence of rules adopted by the Board, the committee may adopt such rules.

ARTICLE VI - RECORDS AND REPORTS

Section 1. Maintenance of Articles and Bylaws. The Corporation shall keep at its principal executive office the original or a copy of its Articles and Bylaws as amended to date.

Section 2. Maintenance of Other Corporate Records. The accounting books, records, and minutes of the proceedings of the Board of Directors and any committee(s) of the Board of Directors shall be kept at such place or places designated by the Board of Directors, or, in the absence of such designation, at the principal executive office of the Corporation. The minutes shall be kept in written or typed form, and the accounting books and records shall be kept in either written or typed form or in any other form capable of being converted into written, typed, or printed form.

Section 3. Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the Corporation and each of its subsidiary corporations. This inspection by a Director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

Section 4. Annual Report. Within 120 days after the end of the Corporation's fiscal year, the President shall furnish or cause to be furnished a written report to all Directors containing the following information:

(a) The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year;

(b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;

(c) The revenue or receipts of the Corporation, both unrestricted and restricted for particular purposes, for the fiscal year;

(d) The expenses or disbursements of the Corporation, for both general and restricted purposes, during the fiscal year;

(e) Any transaction during the previous fiscal year involving more than \$50,000 in which the Corporation (or its parent or subsidiaries, if any) was a party and in which any director or officer of the Corporation has a direct or indirect financial interest, or any of a number of such transactions in which the same person had a direct or indirect financial interest and which transactions in the aggregate involved more than \$50,000; and

(f) The amount and circumstances of any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any director or officer of the Corporation pursuant to Article 7 of these bylaws, unless such indemnification has already been approved pursuant to Section 7.5.

For each transaction, the report must disclose the names of the interested persons involved in such transaction and state such person's relationship to the corporation, the nature of such person's interest in the transaction and, where practicable, the value of such interest.

The report shall be accompanied by any report of independent accountants or, if there is no such report, by the certificate of an authorized officer of this Corporation that such statements were prepared without an audit from the books and records of this Corporation. Such report may be furnished to the directors by electronic transmission in accordance with Section 10.1 of these bylaws.

Section 5. Financial Audit. The Corporation shall obtain a financial audit for any tax year in which it receives or accrues gross revenue of \$2 million or more, excluding grant or

contract income from any governmental entity for which the governmental entity requires an accounting. Any audited financial statements obtained by the Corporation, whether or not required by law, shall be made available for inspection by the Attorney General and by the general public within nine (9) months after the close of the fiscal year to which the statements relate. For three (3) years, such statements (a) shall be available at the Corporation's principal, regional, and district offices during regular business hours and (b) shall be made available either by mailing a copy to any person who so requests in person or in writing, or by posting them on the Corporation's website.

ARTICLE VII - CONTRACTS AND LOANS WITH DIRECTORS AND OFFICERS

Section 1. Contracts with Directors and Officers.

(a) No Director or Officer of this Corporation, nor any other corporation, firm, association, or other entity in which one or more of this Corporation's Directors or Officers are directors or have a material financial interest, shall be interested, directly or indirectly, in any contract or other transaction with this Corporation, unless (i) the material facts regarding such Director's or Officer's financial interest in such contract or transaction and/or regarding such common directorship, officership, or financial interest are fully disclosed in good faith and are noted in the minutes, or are known to all members of the Board prior to consideration by the Board of such contract or transaction; (ii) such contract or transaction is authorized in good faith by a majority of the Board by a vote sufficient for that purpose without counting the vote or votes of such interested Director(s); (iii) prior to authorizing or approving the transaction, the Board considers and in good faith determines after reasonable investigation under the circumstances that the Corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and (iv) this Corporation enters into the transaction for

its own benefit, and the transaction is fair and reasonable to this Corporation at the time the transaction is entered into.

(b) The provisions of this Section 1 of Article VII do not apply to a transaction which is part of an educational or charitable program of the Corporation if it: (i) is approved or authorized by the Corporation in good faith and without unjustified favoritism; and (ii) results in a benefit to one or more Directors or Officers or their families because they are in the class of persons intended to be benefited by the educational or charitable program of this Corporation.

Section 2. Loans to Directors and Officers. 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 of the State of California; provided, however, that the Corporation may advance money to a Director or Officer of the Corporation for expenses reasonably anticipated to be incurred in the performance of the duties of such Director or Officer, provided that in the absence of such advance such Director or Officer would be entitled to be reimbursed for such expenses by the Corporation.

ARTICLE VIII - FISCAL YEAR

The fiscal year of the Corporation shall end on June 30. The Board may change the fiscal year of the Corporation as it is deemed necessary, subject to applicable law and requisite approval from any governmental agencies.

ARTICLE IX - GENERAL PROVISIONS

Section 1. Voting Shares. The Corporation may vote any and all shares held by it in any other corporation by such officer, agent or proxy as the Board of Directors may appoint, or in the absence of any such appointment, by the Chairperson of the Board or by any other officer,

if also a Director and, in such case, such officers or any of them, may likewise appoint a proxy to vote said shares.

Section 2. Checks, Drafts Etc. All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness issued in the name of or payable to the Corporation and any and all securities owned or held by the Corporation requiring signature for the transfer shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by the Board of Directors or the Executive Committee, if any.

Section 3. Endorsement of Documents; Contracts. Subject to the provisions of applicable laws, 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 any officer, shall be valid and binding on the Corporation in the absence of actual knowledge on the part of the other person that the signing officer(s) had no authority to execute the same. Any such instruments may be signed by any other person or persons and in such manner as from time to time shall be determined by the Board of Directors or the Executive Committee, and, unless so authorized by the Board of Directors, 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 4. Construction and Definitions. Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the general provisions of the California Nonprofit Corporation Law and in the California Nonprofit Public Benefit Corporation Law shall govern the construction of these bylaws.

Section 5. Gender. As used in these bylaws, the masculine gender shall include both the masculine and the feminine gender.

Section 6. Electronic Transmission. Subject to any guidelines and procedures that the Board of Directors may adopt from time to time, the terms “written,” and “in writing” as used in these bylaws include any form of recorded message in the English language capable of comprehension by ordinary visual means and may include electronic transmissions, such as facsimile or email, provided (i) for electronic transmissions from the Corporation, the Corporation has obtained an unrevoked written consent from the recipient to the use of such means of communication; (ii) for electronic transmissions to the Corporation, the Corporation has in effect reasonable measures to verify that the sender is the individual purporting to have sent such transmission; and (iii) the transmission creates a record that can be retained, retrieved, reviewed, and rendered into clearly legible tangible form.

ARTICLE X - INDEMNIFICATION

Section 1. Definitions. For the purposes of this Article VII, “agent” means any person who is or was a director, officer, employee or other agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation; and “proceeding” means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and “expenses” includes, without limitation, attorneys’ fees and any expenses of establishing a right to indemnification under Sections 4 or 5(b) of this Article VII.

Section 2. Indemnification in Actions by Third Parties. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Corporation to procure a judgment in its favor, an action brought under Section 5233 of the California Nonprofit Corporation Law, or an action brought by the Attorney General or a person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of the Corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the Corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

Section 3. Indemnification in Actions by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the Corporation, or brought under Section 5233 of the California Nonprofit Corporation Law, or brought by the Attorney General or a person granted relator status by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an agent of the Corporation, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted

in good faith, in a manner such person believed to be in the best interest of the Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 3:

(a) In respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation in the performance of such person's duty to the Corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;

(b) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(c) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval, unless it is settled with the approval of the Attorney General.

Section 4. Indemnification Against Expenses. To the extent that an agent of the Corporation has been successful on the merits in defense of any proceeding referred to in Section 2 or 3 of this Article VII or in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

Section 5. Required Determinations. Except as provided in Section 4 of this Article VII any indemnification under this Article VII shall be made by the Corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper

in the circumstances because the agent has met the applicable standard of conduct set forth in Sections 2 or 3 of this Article VII, by:

(a) A majority vote of a quorum consisting of directors who are not parties to such proceeding; or

(b) The court in which such proceeding is or was pending upon application made by the Corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by the Corporation.

Section 6. Advance of Expenses. Expenses incurred in defending any proceeding may be advanced by the Corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article VII.

Section 7. Other Indemnification. No provision made by the Corporation to indemnify its or its subsidiary's directors or officers for the defense of any proceeding, whether contained in the articles of incorporation, bylaws, a resolution of the directors, an agreement or otherwise, shall be valid unless consistent with this Article VII. Nothing contained in this Article VII shall affect any right to indemnification to which persons other than such directors and officers may be entitled by contract or otherwise. The Corporation shall have the power to indemnify, to advance expenses to, or to procure insurance for any person, who is an agent of the Corporation as long as such actions are consistent with this Article VII and comply with the California Nonprofit Corporation Law.

Section 8. Forms of Indemnification not Permitted. No indemnification or advance shall be made under this Article VII, except as provided in Sections 4 or 5(b), in any circumstances where it appears:

(a) That it would be inconsistent with a provision of the articles of incorporation, these bylaws or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid which prohibits or otherwise limits indemnification; or

(b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 9. Indemnification Not Exclusive. The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled, and shall continue as to a person who has ceased to be an agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

Section 10. Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Corporation would have the power to indemnify the agent against such liability under the provisions of this Article VII, provided, however, that the Corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the Corporation for a violation of Section 5233 of the California Nonprofit Public Benefit Corporation Law.

Section 11. Nonapplicability to Fiduciaries of Employee Benefit Plans. This Article VII does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person


may also be an agent of the Corporation as defined in Section 1 of this Article VII. The Corporation shall have power to indemnify such trustee, investment manager or other fiduciary to the extent permitted by subdivision (f) of Section 207 of the California General Corporation Law.

ARTICLE XI - AMENDMENT

These bylaws and any part thereof may be amended and repealed and new bylaws may be adopted only by the affirmative vote of a majority of the number of Directors of the Corporation then in office.

CERTIFICATE OF SECRETARY REGARDING BYLAWS

The undersigned hereby certifies that she is the duly appointed and acting Secretary of Wakeland Housing and Development Corporation, and that the foregoing Amended and Restated Bylaws, consisting of 33 pages (inclusive of this page, but exclusive of the cover sheet and table of contents) were duly adopted as of March 23rd, 2011, and that they constitute the corporate bylaws of Wakeland Housing and Development Corporation in effect as of this date.



Karolina Ericsson, Secretary

MAY 08 2001

BILL JONES, Secretary of State

CERTIFICATE OF AMENDMENT AND RESTATEMENT OF
ARTICLES OF INCORPORATION OF
WAKELAND HOUSING AND DEVELOPMENT CORPORATION

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

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

ARTICLES OF INCORPORATION
OF
WAKELAND HOUSING AND DEVELOPMENT CORPORATION

I. NAME OF CORPORATION

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

II. PURPOSES

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

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

III. DEDICATION

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

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

IV. LIMITATIONS ON CORPORATE ACTIVITIES

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

V. DISSOLUTION

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

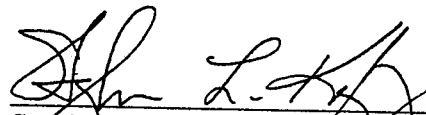
foundations or corporations which are organized and operated exclusively for charitable purposes and which have established their tax-exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law).

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

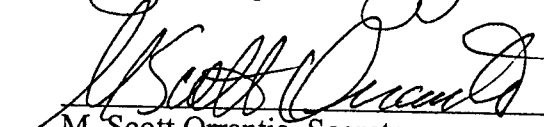
4. The corporation has no members.

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

Dated: 5/4/, 2001



Stephen L. Kuptz, President



M. Scott Orrantia, Secretary



ARTICLES OF INCORPORATION

DEC 23 1998

OF

BILL JONES, Secretary of State

WAKELAND HOUSING AND DEVELOPMENT CORPORATION

I. NAME OF CORPORATION

The name of the corporation is Wakeland Housing and Development Corporation

II. PURPOSES

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

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

III. INITIAL AGENT FOR SERVICE OF PROCESS

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

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

IV. DEDICATION

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

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

V. LIMITATIONS ON CORPORATE ACTIVITIES

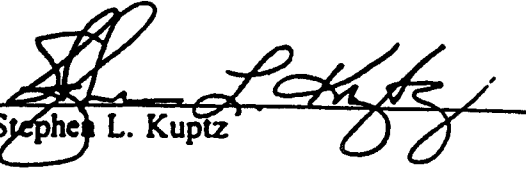
No substantial part of the activities of this corporation shall consist of lobbying or propaganda, or otherwise attempting to influence legislation except as otherwise provided in Section 501(h) of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States Internal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

VI. DISSOLUTION

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

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

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


Stephen L. Kuptz



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
FRESNO CA 93888

DATE OF THIS NOTICE: 12-30-1998
NUMBER OF THIS NOTICE: CP 575 I
EMPLOYER IDENTIFICATION NUMBER: 33-0833640
FORM: SS-4 (TELE-TIN)
8917305195 B W

X

WAKELAND HOUSING AND DEVELOPMENT
% STEPHEN L KUPTZ PRES
5881 COPLEY DR
SAN DIEGO CA 92111

FOR ASSISTANCE CALL US AT:
1-800-829-1040

OR WRITE TO THE ADDRESS
SHOWN AT THE TOP LEFT.

IF YOU WRITE, ATTACH THE
STUB OF THIS NOTICE.

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER (EIN)

Thank you for your Tele-TIN phone call. We assigned you employer identification number (EIN) 33-0833640. This EIN will identify your business account, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

Use your complete name and EIN shown above on all federal tax forms, payments, and related correspondence. If you use any variation in your name or EIN, it may cause a delay in processing, incorrect information in your account, or cause you to be assigned more than one EIN.

If you're required to deposit for employment taxes (Forms 941, 943, 940, 945, CT-1, or 1042), excise taxes (Form 720), or income taxes (Form 1120), we will send an initial supply of Federal Tax Deposit (FTD) coupon books within five to six weeks. You can use the enclosed coupons if you need to make a deposit before you receive your supply.

Based on the information shown on your Form SS-4, you must file the following forms(s) by the date we show.

Form 941 04/30/1999

If the due date has passed please complete the form and send it to us by 01-14-1999. If we don't receive the form by that date additional penalties and interest will be charged. If you weren't in business or didn't hire employees for the tax period shown, please file the form showing that you have no liability.

If you need help in determining what your tax year is, you can get Publication 538, Accounting Periods and Methods, at your local IRS office.

If you have any questions about the forms shown or the date they are due, you may call us at 1-800-829-1040 or write to us at the address shown above.

Please use the label IRS provided when filing tax documents and FTD coupons when making FTD payments. If that isn't possible, you should use your EIN and complete name and address as shown below to identify your account and to avoid delays in processing.

WAKELAND HOUSING AND DEVELOPMENT
CORPORATION
% STEPHEN L KUPTZ PRES
5881 COPLEY DR
SAN DIEGO CA 92111

If this information isn't correct, please correct it using the bottom part of this notice. Return it to us at the address shown so we can correct your account.

If you haven't already completed Form SS-4, Application for Employer Identification Number, we need you to do it now so your account record will be complete. You can get Form SS-4 at your local IRS office or by calling 1-800-TAX-FORM (1-800-829-3676). After you complete the Form SS-4, sign and date it and write your new EIN, 33-0833640, in the upper right hand corner. Please return it to us with bottom part of this notice by 01-14-1999. We've enclosed an envelope for your convenience.

Thank you for your cooperation.

Keep this part for your records.

CP 575 I (Rev. 7-97) ---

Return this part with any correspondence so we may identify your account. Please correct any errors in your name or address.

CP 575 I

8917305195

Your Telephone Number Best Time to Call
() -

DATE OF THIS NOTICE: 12-30-1998
EMPLOYER IDENTIFICATION NUMBER: 33-0833640
FORM: SS-4 (TELE-TIN)

INTERNAL REVENUE SERVICE
FRESNO CA 93888

WAKELAND HOUSING AND DEVELOPMENT
CORPORATION
% STEPHEN L KUPTZ PRES
5881 COPLEY DR
SAN DIEGO CA 92111



BA20220432512



STATE OF CALIFORNIA
Office of the Secretary of State
STATEMENT OF INFORMATION
CA NONPROFIT CORPORATION

California Secretary of State
 1500 11th Street
 Sacramento, California 95814
 (916) 653-3516

For Office Use Only

-FILED-

File No.: BA20220432512

Date Filed: 6/27/2022

B0865-7197 06/27/2022 12:58 PM Received by California Secretary of State

Entity Details			
Corporation Name	WAKELAND HOUSING AND DEVELOPMENT CORPORATION		
Entity No.	2041532		
Formed In	CALIFORNIA		
Street Address of California Principal Office of Corporation			
Street Address of California Office	1230 COLUMBIA STREET, STE 950 SAN DIEGO, CA 92101		
Mailing Address of Corporation			
Mailing Address	1230 COLUMBIA STREET, STE 950 SAN DIEGO, CA 92101		
Attention			
Officers			
Officer Name	Officer Address	Position(s)	
<input checked="" type="checkbox"/> REBECCA LOUIE	1230 COLUMBIA STREET, STE 950 SAN DIEGO, CA 92101	Chief Executive Officer	
Joan Edelman	1230 Columbia Street, STE 950 San Diego, CA 92101	Secretary, Chief Financial Officer	
Additional Officers			
Officer Name	Officer Address	Position	Stated Position
None Entered			
Agent for Service of Process			
Agent Name	REBECCA LOUIE		
Agent Address	1230 COLUMBIA STREET, STE 950 SAN DIEGO, CA 92101		
Email Notifications			
Opt-in Email Notifications	No, I do NOT want to receive entity notifications via email. I prefer notifications by USPS mail.		
Electronic Signature			
<input checked="" type="checkbox"/> By signing, I affirm that the information herein is true and correct and that I am authorized by California law to sign.			
<i>Kate Hong, Legal Counsel</i>		06/27/2022	
Signature		Date	



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

In reply refer to
 755:G :JCA

July 30, 1999

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

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

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

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

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

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

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

July 30, 1999
WAKELAND HOUSING AND DEVELOPMENT CORPORATION
ENTITY ID : 2041532
Page 2

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

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

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

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

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

EO :
CC : ELAINE A ROGERS

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

DEPARTMENT OF THE TREASURY

Date: **NOV 05 2003**

Employer Identification Number:
33-0833640

DLN:
17053263751073

Contact Person:
JANINE L ESTES

ID# 31126

Contact Telephone Number:
(877) 829-5500

Public Charity Status:
170(b)(1)(A)(vi)

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

Dear Applicant:

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

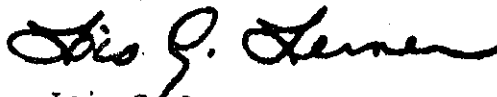
Based on our records and on the information you submitted, we are pleased to confirm that you are exempt under section 501(c)(3) of the Code, and you are classified as a public charity under the Code section listed in the heading of this letter.

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

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

Please keep this letter in your permanent records.

Sincerely yours,



Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

Letter 1050 (DO/CG)

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

DEPARTMENT OF THE TREASURY

Date: **AUG 24 1999**

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

Employer Identification Number:
 33-0833640

DLN:
 17053138014049

Contact Person:
 ANGELA WRIGHT

ID# 95328

Contact Telephone Number:
 (877) 829-5500

Accounting Period Ending:
 June 30

Foundation Status Classification:
 2

Advance Ruling Period Begins:
 December 23, 1998

Advance Ruling Period Ends:
 June 30, 2003

Addendum Applies:
 NO

Dear Applicant:

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

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

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

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

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

WAKELAND HOUSING AND DEVELOPMENT

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

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

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

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

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

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

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

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

WAKELAND HOUSING AND DEVELOPMENT

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

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

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

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

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

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

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

WAKELAND HOUSING AND DEVELOPMENT

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

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

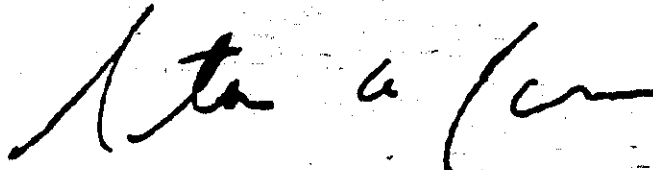
If we said in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

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

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

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

Sincerely yours,

A handwritten signature in black ink, appearing to read "A. T. A. [unclear]", written in a cursive style.

District Director



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

2/27/2023

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

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

PRODUCER Cavnagac 451 A Street, Suite 1800 San Diego CA 92101	CONTACT NAME: Certificate Department PHONE (A/C, No, Ext): 619-744-0574 E-MAIL ADDRESS: certificates@cavnagac.com		FAX (A/C, No): 619-234-8601													
	<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A : Philadelphia Indemnity Ins. Co</td> <td>18058</td> </tr> <tr> <td>INSURER B : Oak River Insurance Company</td> <td>34630</td> </tr> <tr> <td>INSURER C : Scottsdale Insurance Company</td> <td>41297</td> </tr> <tr> <td>INSURER D : QBE Specialty Ins. Co.</td> <td>11515</td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </tbody> </table>			INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Philadelphia Indemnity Ins. Co	18058	INSURER B : Oak River Insurance Company	34630	INSURER C : Scottsdale Insurance Company	41297	INSURER D : QBE Specialty Ins. Co.	11515	INSURER E :		INSURER F :
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INSURED Wakeland Housing & Development Corporation Cuatro at City Heights LP 1230 Columbia Street, Ste 950 San Diego, CA 92101	WAKEHOU-01															

COVERAGES

CERTIFICATE NUMBER: 1840987768

REVISION NUMBER:

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC <input type="checkbox"/> OTHER:			PHPK2434664	6/30/2022	6/30/2023	EACH OCCURRENCE	\$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000
							MED EXP (Any one person)	\$ 5,000
							PERSONAL & ADV INJURY	\$ 1,000,000
							GENERAL AGGREGATE	\$ 2,000,000
							PRODUCTS - COMP/OP AGG	\$ 2,000,000
							Deductible	\$ 0
A	<input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			PHPK2434664	6/30/2022	6/30/2023	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
							BODILY INJURY (Per person)	\$
							BODILY INJURY (Per accident)	\$
							PROPERTY DAMAGE (Per accident)	\$
								\$
A C	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			PHUB822202 XLS0126056	6/30/2022 6/30/2022	6/30/2023 6/30/2023	EACH OCCURRENCE	\$ 5,000,000
							AGGREGATE	\$ 5,000,000
								\$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below			WAWC317865	9/27/2022	9/27/2023	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER	
							E.L. EACH ACCIDENT	\$ 1,000,000
							E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	\$ 1,000,000
D	Excess Liability (3rd Layer)			MQSX00007528	6/30/2022	6/30/2023	Ea. Occ/Ea Agg	\$5,000,000

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

CERTIFICATE HOLDER**CANCELLATION**

Specimen Certificate

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

AUTHORIZED REPRESENTATIVE

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED
PRIMARY AND NON-CONTRIBUTORY INSURANCE**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Effective Date: 06/30/2022

Name of Person or Organization (Additional Insured):

Blanket- Where required by contract

SECTION II – WHO IS AN INSURED is amended to include as an additional insured the person(s) or organization(s) shown in the endorsement Schedule, but only with respect to liability for “bodily injury,” “property damage” or “personal and advertising injury” arising out of or relating to your negligence in the performance of “your work” for such person(s) or organization(s) that occurs on or after the effective date shown in the endorsement Schedule.

This insurance is primary to and non-contributory with any other insurance maintained by the person or organization (Additional Insured), except for loss resulting from the sole negligence of that person or organization.

This condition applies even if other valid and collectible insurance is available to the Additional Insured for a loss or “occurrence” we cover for this Additional Insured.

The Additional Insured’s limits of insurance do not increase our limits of insurance, as described in **SECTION III – LIMITS OF INSURANCE**.

All other terms, conditions, and exclusions under the policy are applicable to this endorsement and remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DESIGNATED LOCATION(S) GENERAL AGGREGATE LIMIT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Designated Location(s):
per loc schedule

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A.** For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section I – Coverage **A**, and for all medical expenses caused by accidents under Section I – Coverage **C**, which can be attributed only to operations at a single designated "location" shown in the Schedule above:
1. A separate Designated Location General Aggregate Limit applies to each designated "location", and that limit is equal to the amount of the General Aggregate Limit shown in the Declarations.
 2. The Designated Location General Aggregate Limit is the most we will pay for the sum of all damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard", and for medical expenses under Coverage **C** regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
 3. Any payments made under Coverage **A** for damages or under Coverage **C** for medical expenses shall reduce the Designated Location General Aggregate Limit for that designated "location". Such payments shall not reduce the General Aggregate Limit shown in the Declarations nor shall they reduce any other Designated Location General Aggregate Limit for any other designated "location" shown in the Schedule above.
 4. The limits shown in the Declarations for Each Occurrence, Damage To Premises Rented To You and Medical Expense continue to apply. However, instead of being subject to the General Aggregate Limit shown in the Declarations, such limits will be subject to the applicable Designated Location General Aggregate Limit.

- B.** For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section **I** – Coverage **A**, and for all medical expenses caused by accidents under Section **I** – Coverage **C**, which cannot be attributed only to operations at a single designated "location" shown in the Schedule above:
- 1.** Any payments made under Coverage **A** for damages or under Coverage **C** for medical expenses shall reduce the amount available under the General Aggregate Limit or the Products-completed Operations Aggregate Limit, whichever is applicable; and
 - 2.** Such payments shall not reduce any Designated Location General Aggregate Limit.
- C.** When coverage for liability arising out of the "products-completed operations hazard" is provided, any payments for damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard" will reduce the Products-completed Operations Aggregate Limit, and not reduce the General Aggregate Limit nor the Designated Location General Aggregate Limit.
- D.** For the purposes of this endorsement, the **Definitions** Section is amended by the addition of the following definition:
- "Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.
- E.** The provisions of Section **III** – Limits Of Insurance not otherwise modified by this endorsement shall continue to apply as stipulated.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED
PRIMARY AND NON-CONTRIBUTORY INSURANCE**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Effective Date: 06/30/2022

Name of Person or Organization (Additional Insured):

Blanket - Per Required Contract

SECTION II – WHO IS AN INSURED is amended to include as an additional insured the person(s) or organization(s) shown in the endorsement Schedule, but only with respect to liability for “bodily injury,” “property damage” or “personal and advertising injury” arising out of or relating to your negligence in the performance of “your work” for such person(s) or organization(s) that occurs on or after the effective date shown in the endorsement Schedule.

This insurance is primary to and non-contributory with any other insurance maintained by the person or organization (Additional Insured), except for loss resulting from the sole negligence of that person or organization.

This condition applies even if other valid and collectible insurance is available to the Additional Insured for a loss or “occurrence” we cover for this Additional Insured.

The Additional Insured’s limits of insurance do not increase our limits of insurance, as described in **SECTION III – LIMITS OF INSURANCE.**

All other terms, conditions, and exclusions under the policy are applicable to this endorsement and remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SIGNATURE GENERAL LIABILITY BROADENING ENDORSEMENT

This Endorsement modifies and is subject to the insurance provided under the following form:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following extension only applies in the event that no other specific coverage for the indicated loss exposure is provided under this Policy. If other specific coverage applies, the terms, conditions and limits of that Coverage are the exclusive coverage applicable under this Policy, unless otherwise noted in this Endorsement. This is a summary of the various additional coverages and coverage modifications provided by this Endorsement. For complete details on specific coverages, consult the actual policy wording.

Coverage Description	Limit of Insurance	Page
Non-Owned Aircraft	Included	2
Non-Owned Watercraft	Included	2
Bodily Injury - Mental Injury, Mental Anguish, Humiliation or Shock	Included	3
Medical Payments	\$ 20,000	3
Damage to Premises Rented to You	\$ 1,000,000	3
Supplementary Payments - Bail Bonds	\$ 3,000	4
Supplementary Payments - Loss of Earnings	\$ 1,000 per day	4
Newly Formed or Acquired Organizations	Included	4
Unintentional Failure to Disclose Hazards	Included	5
Knowledge of Occurrence, Claim or Suit	Included	5
Property Damage Liability - Elevators	Included	5
Property Damage Liability - Borrowed Equipment	Included	5
Liberalization Clause	Included	6
Amendment of Pollution Exclusion (Premises)	Included	6
Limited Property Damage to Property of Others	\$ 5,000	6
Additional Insured - Manager or Lessor of Premises	Included	7

Coverage Description	Limit of Insurance	Page
Additional Insured - Funding Sources	Included	7
Additional Insured - By Contract	Included	8
Primary and Non-Contributory Additional Insured Extension	Included	10
Additional Insureds - Protection of Your Limits	Included	10
Blanket Waiver of Transfer of Rights of Recovery Against Others to Us (Subrogation)	Included	11
Property Damage Extension With Voluntary Payments	\$ 1,000/\$ 5,000	11
Who Is An Insured - Fellow Employee Extension - Management Employees	Included	12
Broadened Personal and Advertising Injury	Included	12

A. Non-Owned Aircraft

Under paragraph 2. Exclusions of SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability, exclusion g. Aircraft, Auto or Watercraft does not apply to an aircraft provided:

1. it is not owned by any insured;
2. it is hired, chartered or loaned with a trained paid crew;
3. the pilot in command holds a currently effective certificate, issued by the duly constituted authority of the United States of America or Canada, designating him or her a commercial or airline pilot; and
4. it is not being used to carry persons or property for a charge.

However, the insurance afforded by this provision does not apply if there is available to the Insured other valid and collectible insurance, whether primary, excess (other than insurance written to apply specifically in excess of this Policy), contingent or on any other basis, that would also apply to the loss covered under this provision.

B. Non-Owned Watercraft

Under paragraph 2. Exclusions of SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability, subparagraph (2) of exclusion g. Aircraft, Auto or Watercraft is replaced by the following:

This exclusion does not apply to:

- (2) A watercraft you do not own that is:
 - (a) less than 60 feet long; and

(b) not being used to carry persons or property for a charge.

C. Bodily Injury - Mental Injury, Mental Anguish, Humiliation or Shock

Under **SECTION V - DEFINITIONS**, Definition 3. is replaced by the following:

3. **"Bodily Injury"** means physical injury, sickness, or disease, including death of a person. "Bodily Injury" also means mental injury, mental anguish, humiliation, or shock if directly resulting from physical injury, sickness, or disease to that person.

D. Medical Payments

If **Coverage C Medical Payments** is not otherwise excluded, the Medical Payments provided by this Policy are amended as follows:

The Medical Expense Limit in paragraph 7. of **SECTION III - LIMITS OF INSURANCE** is replaced by the following Medical expense Limit:

The Medical Expense Limit provided by this Policy shall be the greater of:

- a. \$ 20,000; or
- b. the amount shown in the Declarations for Medical Expense Limit

This provision 7. is subject to all the terms of **SECTION III - LIMITS OF INSURANCE**.

E. Damage to Premises Rented to You

If Damage to Premises Rented to You is not otherwise excluded from this Coverage Part:

1. Under paragraph 2. **Exclusions** of **SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability**:

3. The last paragraph of paragraph 2. **Exclusions** is deleted in its entirety and replaced by the following:

Exclusions c. through n. do not apply to damage by fire, lightning, explosion, smoke, leakage from an automatic fire protection system or water to premises while rented to you or temporarily occupied by you with permission of the owner. A separate Limit of Insurance applies to this coverage as described in **SECTION III - LIMITS OF INSURANCE**.

However, this insurance does not apply to damage to premises while rented to you, or temporarily occupied by you with the permission of the owner, caused by:

- i. rupture, bursting, or operation of pressure relief devices;
- ii. rupture or bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water;
- iii. explosion of steam boilers, steam pipes, steam engines, or steam turbines; or
- iv. flood

2. Paragraph 6. Under **SECTION III - LIMITS OF INSURANCE** is deleted in its entirety and replaced with the following:

6. Subject to paragraph 5. above, the most we will pay under **Coverage A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage caused by fire, lightning, explosion, smoke, leakage from automatic fire protection system or water while rented to you or temporarily occupied by you with the permission of the owner, for all such damage caused by fire, lightning, explosion, smoke, leakage from automatic fire protection systems or water proximately caused by the same event, whether such damage results from fire, lightning, explosion, smoke, leakage from automatic fire protection systems or water or any combination of the six, is the higher of \$ **1,000,000** or the amount shown in the Declarations for the Damage to Premises Rented to You Limit.
3. Under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, subsection 4. Other Insurance, paragraph b. Excess Insurance where the words "Fire insurance" appear they are changed to "insurance for fire, lightning, explosion, smoke, leakage from an automatic fire protection system or water."
4. As regards coverage provided by this provision **I. Damage to Premises Rented to You** - paragraph **9.a.** of **Definitions** is replaced with the following:
 9. a. a contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning, explosion, smoke, leakage from automatic fire protection systems or water to premises while rented to you or temporarily occupied by you with the permission of the owner is not an "insured contract";

F. Supplementary Payments

1. In the **Supplementary Payments - Coverages A and B** provision, paragraph **1.b.** is replaced with:
 - b. Up to \$ **3,000** for the cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
2. Paragraph **1.d.** is replaced by the following:
 - d. All reasonable expenses incurred by the Insured at our request to assist us in the investigation or defense of the claim or "suit," including actual loss of earnings up to \$ **1,000** a day because of time off work.

G. Newly Formed or Acquired Organizations

Paragraph 3. of **SECTION II - WHO IS AN INSURED** is replaced by the following:

3. Any organization you newly acquire or form and over which you maintain ownership or majority interest, will qualify as a named insured if there is no other similar insurance available to that organization. However:
 - a. coverage under this provision is afforded only until the expiration of the policy period in which the entity was acquired or formed by you;
 - b. coverage **A** does not apply to "bodily injury" or property damage that occurred before you acquired or formed the organization; and
 - c. coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

- d. records and descriptions of operations must be maintained by the first named insured.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a named insured in the Declarations or qualifies as an insured under this provision.

H. Unintentional Failure to Disclose Hazards

Under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, the following is added to Condition **6. Representations**:

Failure of the Insured to disclose all hazards existing as of the inception date of this Policy shall not prejudice the insurance with respect to the coverage afforded by this Policy, provided such failure or omission is not intentional on the part of the Insured.

I. Knowledge of Occurrence, Claim or Suit

Under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, the following is added to Condition **2. Duties in the Event of Occurrence, Offense, Claim or Suit**:

Knowledge of any occurrence, claim, or suit by any agent, servant or employee of the Named Insured does not in itself constitute knowledge by the Insured unless notice of such injury, claim or suit shall have been received by:

- a. you, if you are an individual;
- b. a partner, if you are a partnership
- c. an executive officer or insurance manager, if you are a corporation.

J. Property Damage Liability - Elevators

1. Under paragraph **2. Exclusions** of **SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability**, subparagraphs **(3)**, **(4)** and **(6)** of exclusion **j. Damage to Property** do not apply if such property damage results from the use of elevators.
2. The following is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, Condition **4. Other Insurance**, paragraph **b. Excess Insurance**:

The insurance afforded by this provision of this Endorsement is excess over any property insurance, whether primary, excess, contingent or on any other basis.

K. Property Damage Liability - Borrowed Equipment

1. Under paragraph **2. Exclusions** of **SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability**, subparagraph **(4)** of exclusion **j. Damage to Property** does not apply to "property damage" to borrowed equipment while not being used to perform operations at a job site.
2. The following is added to **SECTION IV - COMMERCIAL GENERAL LIABILITY Conditions**, Condition **4. Other Insurance**, paragraph **b. Excess Insurance**:

The insurance afforded by this provision of this Endorsement is excess over any property insurance, whether primary, excess, contingent or on any other basis.

L. Liberalization Clause

If we revise this Signature General Liability Broadening Endorsement to provide more coverage without additional premium charge, your policy will automatically provide the coverage as of the date the revision is effective in your state.

M. Amendment of Pollution Exclusion (Premises)

1. The following is added to paragraph (1)(a) of Exclusion f. of **SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability**:

(iv) "Bodily injury" or "property damage" arising out of the actual discharge, dispersal, seepage, migration, release or escape of "pollutants."

As used in this Endorsement, the actual discharge, dispersal, seepage, migration, release or escape of pollutants must:

- (aa) commence on a clearly identifiable day during the policy period; and
- (bb) end, in its entirety, within seventy-two (72) hours of the commencement of the discharge, dispersal, seepage, migration, release or escape of "pollutants"; and
- (cc) be discovered and reported to us within fifteen (15) days of the clearly identifiable day that the discharge, dispersal, seepage, migration, release or escape of "pollutants" commences; and
- (dd) be neither expected nor intended from the standpoint of any insured; and
- (ee) be unrelated to any previous discharge, dispersal, seepage, migration, release or escape; and
- (ff) not originate at or from a storage tank or other container, duct or piping which:
 - a. is below the surface of the ground or water; or
 - b. at any time has been buried under the surface of the ground or water and then is subsequently exposed.

2. For the purposes of this coverage, the following is added to the definition of "property damage" of **SECTION V - DEFINITIONS** and applies only as respects this coverage:

Land or water, whether below ground level or not, is not tangible property.

3. Coverage provided hereunder does not apply to any discharge, dispersal, seepage, migration, release or escape that is merely threatened or alleged rather than shown to have actually occurred.

N. Limited Property Damage to Property of Others

The following is added under **SECTION I - SUPPLEMENTARY PAYMENTS - COVERAGES A and B**:

3. We will pay up to \$ 5,000 for loss to personal property of others while in the temporary care, custody or control of an insured caused by any person participating in your organized activities. For the purpose of this supplementary payment, loss shall mean damage or destruction but does not include mysterious disappearance or loss of use. In the event of a theft, a police report must be filed. This supplementary payment does not apply if:
 - a. coverage is otherwise provided by the Property Coverage part (if any) of this Policy; or

- b. the loss is covered by any other insurance you have or by any insurance of such person who causes such loss.

These payments will not reduce the Limits of Insurance.

O. Additional Insured - Manager or Lessor of Premises

1. **SECTION II - WHO IS AN INSURED** is amended to include as an additional insured any person or organization from whom you lease or rent property and which requires you to add such person or organization as an additional insured on this Policy under:

- (a) a written contract; or
- (b) an oral agreement or contract where a Certificate of Insurance showing that person or organization as an additional insured has been issued;

but the written or oral contract or agreement must be an "insured contract," and,

- (i) currently in effect or become effective during the term of this Policy; and
- (ii) executed prior to the "bodily injury," "property damage," "personal and advertising injury."

2. With respect to the insurance afforded to the Additional Insured identified in paragraph 1. above, the following additional provisions apply:

- (a) This insurance applies only with respect to the liability arising out of the ownership, maintenance or use of that part of the premises leased to you.
- (b) The Limits of Insurance applicable to the Additional Insured are the lesser of those specified in the written contract or agreement or in the Declarations for this Policy and subject to all the terms, conditions and exclusions for this Policy. The Limits of Insurance applicable to the Additional Insured are inclusive of and not in addition to the Limits of Insurance shown in the Declarations.
- (c) In no event shall the coverages or Limits of Insurance in this Coverage Form be increased by such contract.
- (d) Coverage provided herein is excess over any other valid and collectible insurance available to the Additional Insured whether the other insurance is primary, excess, contingent or on any other basis unless a written contractual arrangement specifically requires this insurance to be primary.
- (e) This insurance applies only to the extent permitted by law.

3. This insurance does not apply to:

- (a) Any "occurrence" or offense which takes place after you cease to be a tenant in that premises.
- (b) Structural alterations, new construction or demolition operations performed by or on behalf of the Additional Insured.

P. Additional Insured - Funding Sources

1. **SECTION II - WHO IS AN INSURED** is amended to include as an additional insured any Funding Source which requires you in a written contract to name the Funding Source as an additional insured but only with respect to liability arising out of:

- a. your premises; or
- b. "your work" for such additional insured; or
- c. acts or omissions of such additional insured in connection with the general supervision of "your work"

and only to the extent set forth as follows:

- a. The Limits of Insurance applicable to the Additional Insured are the lesser of those specified in the written contract or agreement or in the Declarations for this Policy and subject to all the terms, conditions and exclusions for this Policy. The Limits of Insurance applicable to the Additional Insured are inclusive of and not in addition to the Limits of Insurance shown in the Declarations.
- b. The insurance afforded to the Additional Insured only applies to the extent permitted by law
- c. If coverage provided to the Additional Insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.
- d. In no event shall the coverages or Limits of Insurance in this Coverage Form be increased by such contract.

Q. Additional Insureds - By Contract

1. **SECTION II - WHO IS AN INSURED** is amended to include as an insured any person or organization whom you have agreed to add as an additional insured in a written contract, written agreement or permit. Such person or organization is an additional insured but only with respect to liability for "bodily injury," "property damage" or "personal and advertising injury" arising out of:

- a. your acts or omissions, or the acts or omissions of those acting on your behalf, in the performance of your ongoing operations for the Additional Insured that are subject of the written contract or written agreement provided that the "bodily injury" or "property damage" occurs, or the "personal and advertising injury" is committed, subsequent to the signing of such written contract or written agreement; or
- b. the maintenance, operation or use by you of equipment rented or leased to you by such person or organization; or
- c. the Additional Insureds financial control of you; or
- d. operations performed by you or on your behalf for which the state or political subdivision has issued a permit

However:

- 1. the insurance afforded to such additional insured only applies to the extent permitted by law; and
- 2. if coverage provided to the Additional Insured is required by contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide such additional insured.

With respect to paragraph 1.a. above, a person's or organization's status as an additional insured under this Endorsement ends when:

- (1) all work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed for or on behalf of the Additional Insured(s) at the location of the covered operations has been completed; or
- (2) that portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

With respect to paragraph 1.b. above, this insurance does not apply to any "occurrence" which takes place after the equipment rental or lease agreement has expired or you have returned such equipment to the lessor.

The insurance provided by this Endorsement applies only if the written contract or written agreement is signed prior to the "bodily injury" or "property damage."

We have no duty to defend an additional insured under this Endorsement until we receive written notice of a "suit" by the Additional Insured as required in paragraph b. of Condition 2. **Duties in the Event of Occurrence, Offense, Claim or Suit under SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITION.**

2. With respect to the insurance provided by this Endorsement, the following are added to paragraph 2. **Exclusions** under **SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability**:

This insurance does not apply to:

- a. "Bodily injury" or "property damage" that occurs prior to your commencing operations at the location where such "bodily injury" or "property damage" occurs.
- b. "Bodily injury," "property damage" or "personal and advertising injury" arising out of the rendering of, or failure to render, any professional architectural, engineering or surveying services, including:
 - (1) the preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (2) supervisory, inspection, architectural or engineering activities.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that Insured, if the "occurrence" which caused the "bodily injury" or "property damage," or the offense which caused the "personal and advertising injury," involved the rendering of, or failure to render, any professional architectural, engineering or surveying services.

- c. "Bodily injury" or "property damage" occurring after:
 - (1) all work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed for or on behalf of the Additional Insured(s) at the location of the covered operations has been completed; or
 - (2) that portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

- d. Any person or organization specifically designated as an additional insured for ongoing operations by a separate additional insured endorsement issued by us and made part of this Policy.
3. With respect to the insurance afforded to these Additional Insureds, the following is added to **SECTION III - LIMITS OF INSURANCE:**

If coverage provided to the Additional Insured is required by a contract or agreement, the most we will pay on behalf of the Additional Insured is the amount of insurance:

- a. required by the contract or agreement; or
 - b. available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This Endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

R. Primary and Non-Contributory Additional Insured Extension

This provision applies to any person or organization who qualifies as an additional insured under any form or endorsement under this Policy.

Condition 4. Other Insurance of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS** is amended as follows:

- a. The following is added to paragraph a. **Primary Insurance:**

This insurance is primary to and will not seek contribution from any other insurance available to an additional insured under your policy provided that:

- (1) the Additional Insured is a named insured under such other insurance; and
- (2) you have agreed in writing in a contract or agreement that this insurance would be primary and would not seek contribution from any other insurance available to the Additional Insured.

- b. The following is added to paragraph b. **Excess Insurance:**

When a written contract or written agreement, other than a premises lease, facilities rental contract or agreement, an equipment rental or lease contract or agreement or permit issued by a state or political subdivision between you and an additional insured does not require this insurance to be primary or primary and non-contributory, this insurance is excess over any other insurance for which the Additional Insured is designated as a named insured.

Regardless of the written agreement between you and an additional insured, this insurance is excess over any other insurance whether primary, excess, contingent or on any other basis for which the Additional Insured has been added as an additional insured on other policies.

S. Additional Insureds - Protection of Your Limits

This provision applies to any person or organization who qualifies as an additional insured under any form or endorsement under this Policy.

- 1. The following is added to Condition 2. **Duties in the Event of Occurrence, Offense, Claim or Suit:**

An additional insured under this Endorsement will as soon as practicable:

- a. give written notice of an "occurrence" or an offense that may result in a claim or "suit" under this insurance to us;
 - b. tender the defense and indemnity of any claim or "suit" to all insurers whom also have insurance available to the Additional Insured; and
 - c. agree to make available any other insurance which the Additional Insured has for a loss we cover under this Coverage Part.
 - d. we have no duty to defend or indemnify an additional insured under this Endorsement until we receive written notice of a "suit" by the Additional Insured.
2. The Limits of Insurance applicable to the Additional Insured are those specified in a written contract or written agreement or the Limits of Insurance stated in the Declarations of this Policy and defined in **SECTION III - LIMITS OF INSURANCE** of this Policy, whichever are less. These limits are inclusive of and not in addition to the Limits of Insurance available under this Policy.

T. Blanket Waiver of Transfer of Rights of Recovery Against Others to Us (Subrogation)

Under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, the following is added to Condition 8. **Transfer of Rights of Recovery Against Others to Us:**

If required by a written contract or written agreement, we waive any right of recovery we may have against a person or organization because of payment we make for injury or damage arising out of your ongoing operations or "your work" done under a contract for that person or organization and included in the "products-completed operations hazard" provided that the injury or damage occurs subsequent to the execution of the written contract or written agreement.

U. Property Damage Extension with Voluntary Payments

1. The following is added to paragraph 1. **Insuring Agreement** of **SECTION I - COVERAGE A - Bodily Injury and Property Damage Liability:**

At your request we will pay for "loss" to property of others caused by your business operations for which this Policy provides liability insurance. Such payment will be made without regard to your legal obligation to do so. The "loss" must occur during the policy period and must take place in the "coverage territory."

2. With respect to the coverage afforded under paragraph 1. above, paragraph 2. **Exclusions** of **SECTION I - COVERAGES A - Bodily Injury and Property Damage Liability** is amended as follows:

Exclusions j.(3), j.(4), j.(5) and j.(6) are deleted.

3. As respects coverage afforded by this coverage, **SECTION III - LIMITS OF INSURANCE** is replaced by the following:

Regardless of the number of insureds, claims made or "suits" brought or persons or organizations making claims or bring "suits":

1. Subject to 2. Below, the most we will pay for one or more "loss" arising out of any one "occurrence" is **\$ 1,000**.
2. The aggregate amount we will pay for the sum of all "loss" in an annual period is **\$ 5,000**. This aggregate amount is part of and not in addition to the General Aggregate Limit described in paragraph 2. of **SECTION III - LIMITS OF INSURANCE**.

V. Who Is an Insured - Fellow Employee Extension - Management Employees

1. The following is added to paragraph **2.a.(1)** of **SECTION II - WHO IS AN INSURED**:

Paragraph **(a)** and **(b)** above do not apply to "bodily injury" or "personal and advertising injury" caused by an "employee" who is acting in a supervisory capacity for you. Supervisory capacity as used herein means the "employee's" job responsibilities assigned by you, including the direct supervision of other "employee" of yours. However, none of these "employees" are insureds for "bodily injury" or "personal and advertising injury" arising out of their willful conduct, which is defined as the purposeful or willful intent to cause "bodily injury" or "personal and advertising injury," caused in whole or in part by their intoxication by liquor or controlled substances.

This coverage is excess over any other valid and collectable insurance available to your "employee."

W. Broadened Personal and Advertising Injury

1. Unless "Personal and Advertising Injury" is excluded from this Policy, the following is added to **SECTION V - DEFINITIONS** Item **14.**:
 - h. mental injury, mental anguish, humiliation, or shock, if directly resulting from Items **14.a.** through **14.e.**

**WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT-CALIFORNIA
BLANKET BASIS**

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

The additional premium for this endorsement shall be calculated by applying a factor of 2% to the total manual premium, with a minimum initial charge of \$350, then applying all other pricing factors for the policy to this calculated charge to derive the final cost of this endorsement.

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

Schedule**Blanket Waiver**

Person/Organization Blanket Waiver – Any person or organization for whom the Named Insured has agreed by written contract to furnish this waiver.

Job Description	Waiver Premium (prior to adjustments)
All CA Operations	645.00

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.
(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective: 09/27/2021

Policy No.: WAWC216183

Endorsement No.:

Insured:

Premium \$

Insurance Company: Oak River Insurance Company

Countersigned by _____

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
Banner Bank, its successor's and or assigns Attn: Sherri Gorham 3005 112th Ave. NE, Suite 100 Bellevue, WA 98004	4200 W Pico Blvd, Los Angeles, CA 90019
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
Bank of America NA a national banking association, as Investor Limited Partner, Banc of America CDC Special Holdings Company Inc. A North Carolina Corp as Special Limited Partner ISAOA/ATIME MAI -225-02-02, 225 Franklin Street, Boston, MA 02110	3933 Mission Inn Avenue and 3655 Fairmount Blvd, Riverside, CA 92501
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

LOSS PAYABLE SCHEDULE

(The entries required to complete this endorsement will be shown below or on the "schedule of coverages".)

Indicate applicable provision:

- Loss Payable
 Lender's Loss Payable
 Contract of Sale
-

SCHEDULE

Location Number

1

Address

3933 Mission Inn Avenue and 3655 Fairmount Blvd, Riverside, CA 92501

Covered Property

Builder's Risk

Name and Address of Loss Payee

Bank Of America, N.A. a national banking association, as
Investor Limited
Partner, Banc of America CDC Special Holding
Company, Inc. A North
Carolina Corp as Special Limited Partner ISAOA/
ATIMA
MAI-225-02-02
225 Franklin St.
Boston, MA 02110

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
Bank of America NA its Successors and/or Assigns FL9-100-04-32 PO Box 40329 Jacksonville, FL 32203-9944	3933 Mission Inn Avenue and 3655 Fairmount Blvd, Riverside, CA 92501
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

LOSS PAYABLE SCHEDULE

(The entries required to complete this endorsement will be shown below or on the "schedule of coverages".)

Indicate applicable provision:

- Loss Payable
 Lender's Loss Payable
 Contract of Sale
-

SCHEDULE

Location Number

1

Address

3933 Mission Inn Avenue and 3655 Fairmount Blvd, Riverside, CA 92501

Covered Property

Builder's Risk

Name and Address of Loss Payee

Bank of America NA
Its Successors and/or Assigns
FL9-400-04-32
PO Box 40329
Jacksonville, FL 32203-9944

This endorsement changes the Inland Marine Coverage. **PLEASE READ THIS CAREFULLY.**

MORTGAGEHOLDERS SCHEDULE

(The entries required to complete this schedule will be shown below or on the "schedule of coverages").

SCHEDULE

Location Number

1

Described Premise

3933 Mission Inn Avenue and 3655 Fairmount Blvd, Riverside, CA 92501

Covered Property

Builder's Risk

Name and Address of Mortgageholder

Bank Of America, N.A.
Its Successors and/or Assigns
FL9-400-04-32
P.O. Box 40329
Jacksonville, FL 32203-9944

Philadelphia Indemnity Insurance Company

Loss Payee Schedule

Policy Number: PHPK2434664

Lenders Loss Payable

CalHFA Multifamily Programs
5000 Capital Mall #1400
Sacto CA 95814

Loan # 16047

CA - Loc #23 - Bld #1 - 1425 C Street, San Diego, CA 92101

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
CalHFA Multifamily Programs 5000 Capital Mall #1400 Sacto CA 95814 Loan # 16047	1425 C St San Diego, CA 92101-5717
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
CalHFA, Multifamily Programs 500 Capitol Mall, MS 1400 Sacramento CA 95814	5858 Mt. Alifan Drive, San Diego, CA 92111
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**LOSS PAYABLE PROVISIONS**

This endorsement modifies insurance provided under the following:

UltimateCover Policy

SCHEDULE

				Provision
Prem. No.	Applicable Bldg. No.	Description of Property	Loss Payee	(Indicate A, B, or C)
0028	0001		California Community Reinvestment Corporation Att: Insurance Administrator Glendale, CA 91210-1265	B

The following is added to the Loss Conditions, **Loss Payment**, as shown by an "A", "B", or "C" in Schedule:

A. Loss Payable

For Covered Property in which both you and a Loss Payee shown in the Schedule have an insurable interest, we will:

1. Adjust "**loss**" with you; and
2. Pay any claim for "**loss**" jointly to you and the Loss Payee, as interests may appear.

B. Lender's Loss Payable

1. The Loss Payee shown in the Schedule is a creditor, including a mortgageholder or trustee, whose interest in the Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.
2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered "**loss**" to each Loss Payee in their order or precedence, as interests may appear.

- b. The Loss Payee has the right to receive **"loss"** payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
- c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Form, the Loss Payee will still have the right to receive **"loss"** payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Form at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Form will then apply directly to the Loss Payee.

- d. If we pay the Loss Payee for any **"loss"** and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Form:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

- 3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
- 4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

C. Contract of Sale

- 1. The Loss Payee shown in the Schedule is a person or organization you have entered a contract with for the sale of Covered Property.
- 2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust **"loss"** with you; and
 - b. Pay any claim for **"loss"** jointly to you and the Loss Payee, as interests may appear.
- 3. The following is added to the **Other Insurance** Condition:

For Covered Property that is the subject of a contract of sale, the word **"you"** includes the Loss Payee.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
California Community Reinvestment Corporation Attn: Insurance Administrator 100 W. Broadway, Suite 1000 Glendale, CA 91210	748-760 Anita Street, Chula Vista CA 91911
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

Philadelphia Indemnity Insurance Company

Additional Insured Schedule

Policy Number: PHPK2434664

Additional Insured

California Community Reinvestment
Corporation
100 W Broadway Ste 1000
Glendale, CA 91210-1265

CG2018 - CA - Loc #2 - 334 (APARTMENT BUILDING-NOC)

CG2018 - CA - Loc #9

Philadelphia Indemnity Insurance Company

Loss Payee Schedule

Policy Number: PHPK2434664

Lenders Loss Payable

California Community Reinvestment
Corporation
100 W Broadway Ste 1000
Glendale, CA 91210-1265

CA - Loc #2 - Bld #1 - BUSINESS PERSONAL PROPERTY (APARTMENTS)
LOAN # Loan # 9920549

CA - Loc #9 - Bld #1 - BUSINESS PERSONAL PROPERTY (APARTMENTS)

Philadelphia Indemnity Insurance Company

Mortgagee Schedule

Policy Number: PHPK2434664

Mortgagee

California Community Reinvestment
Corporation
100 W Broadway Ste 1000
Glendale, CA 91210-1265

CA - Loc #2 - Bid #1 - BUILDING (APARTMENTS)
LOAN # Loan # 9920549

CA - Loc #9 - Bid #1 - BUILDING (APARTMENTS)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – DESIGNATED
PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):

Zions Bancorporation, N.A. dba California Bank & Trust, as Administrative Agent,
its successors and/or assigns, 1900 Main Street
Suite 350, Irvine, CA 92614

RE: Wakeland Wilcox LP
1040 N. Kenmore Ave. Los Angeles, CA 90029

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. In the performance of your ongoing operations;
or
2. In connection with your premises owned by or rented to you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – MORTGAGEE, ASSIGNEE OR RECEIVER

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
California Community Reinvestment Corporation Attn: Insurance Administrator 100 W. Broadway, Suite 1000 Glendale, CA 91210	815 CIVIC CENTER DRIVE, VISTA, CA 92084
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

LOSS PAYABLE SCHEDULE

(The entries required to complete this endorsement will be shown below or on the "schedule of coverages".)

Indicate applicable provision:

- Loss Payable
 Lender's Loss Payable
 Contract of Sale
-

SCHEDULE

Location Number

1

Address

815 CIVIC CENTER DRIVE, VISTA, CA 92084

Covered Property

Name and Address of Loss Payee

California Community Reinvestment
Corporation
Attn: Insurance Administrator
100 West Broadway, Suite 1000
Glendale, CA 91210

LOSS PAYABLE SCHEDULE

(The entries required to complete this endorsement will be shown below or on the "schedule of coverages".)

Indicate applicable provision:

- Loss Payable
 Lender's Loss Payable
 Contract of Sale
-

SCHEDULE

Location Number

1

Address

748-760 Anita Street, Chula Vista CA 91911

Covered Property

Builder's Risk

Name and Address of Loss Payee

California Community Reinvestment Corporation
Attn: Insurance Administrator
100 W. Broadway, Site 1000
Glendale, CA 91210

LOSS PAYABLE SCHEDULE

(The entries required to complete this endorsement will be shown below or on the "schedule of coverages".)

Indicate applicable provision:

- Loss Payable
 Lender's Loss Payable
 Contract of Sale
-

SCHEDULE

Location Number

1

Address

4723 S. Normandie Ave, Los Angeles, CA 90037

Covered Property

Builder's Risk

Name and Address of Loss Payee

California Community Reinvestment Corporation
Attn: Insurance Administrator
100 W. Broadway, Suite 1000
Glendale, CA 91210

June 30, 2022

California Community Reinvestment Corporation
Attn: Insurance Administrator
100 W. Broadway, Suite 1000
Glendale, CA 91210

Re: Chesterfield Apartment, LP
Builders Risk Policy No. EC15287644
General Liability Policy No. PHPK2434664
Umbrella Liability Policy:PHUB822202/ XLS0126056

To whom it may concern:

If the insurance company elects to cancel or non-renew coverage, Cavignac will provide a 30-day non-renewal notice and a 10-day notice of non-payment for the above policies.

Sincerely,



Elizabeth Valle, CISR
Certifictaes Manager
direct line: 619-744-0574
e-mail: evalle@cavignac.com

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – MORTGAGEE, ASSIGNEE OR RECEIVER

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
California Community Reinvestment Corporation Attn: Insurance Administrator 100 W. Broadway, Suite 1000 Glendale, CA 91210	4723 S. Normandie Ave, Los Angeles, CA 90037
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – MORTGAGEE, ASSIGNEE OR RECEIVER

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
California Community Reinvestment Corporation 100 W Broadway, Ste 1000 Glendale, CA 91210	3933 Mission Inn Avenue and 3655 Fairmount Blvd, Riverside, CA 92501
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

LOSS PAYABLE SCHEDULE

(The entries required to complete this endorsement will be shown below or on the "schedule of coverages".)

Indicate applicable provision:

- Loss Payable
- Lender's Loss Payable
- Contract of Sale

SCHEDULE

Location Number

1

Address

3933 Mission Inn Avenue and 3655 Fairmount Blvd, Riverside, CA 92501

Covered Property

Builder's Risk

Name and Address of Loss Payee

California Community Reinvestment Corporation
100 W Broadway Ste1000
Glendale, CA 91210

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – MORTGAGEE, ASSIGNEE OR RECEIVER

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
City of Los Angeles, its officers, agencies and employees City of Los Angeles Housing and Community Investment Department P.O. Box 532729 Los Angeles, CA 90053-2729	4200 W Pico Blvd, Los Angeles, CA 90019
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

LOSS PAYABLE SCHEDULE

(The entries required to complete this endorsement will be shown below or on the "schedule of coverages".)

Indicate applicable provision:

- Loss Payable
 Lender's Loss Payable
 Contract of Sale
-

SCHEDULE

Location Number

1

Address

4723 S. Normandie Ave, Los Angeles, CA 90037

Covered Property

Builder's Risk

Name and Address of Loss Payee

City of Los Angeles
Housing and Community Investment Department
P.O. Box 532729
Los Angeles, CA 90053-2729

June 30, 2022

City of Los Angeles
Housing and Community Investment Department
P.O. Box 532729
Los Angeles, CA 90053-2729

Re: Chesterfield Apartment, LP
Builders Risk Policy No. EC15287644
General Liability Policy No. PHPK2434664
Umbrella Liability Policy:PHUB822202/ XLS0126056

To whom it may concern:

If the insurance company elects to cancel or non-renew coverage, Cavnac will provide a 30-day non-renewal notice and a 10-day notice of non-payment for the above policies.

Sincerely,



Elizabeth Valle, CISR
Certifictaes Manager
direct line: 619-744-0574
e-mail: evalle@cavnac.com

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – MORTGAGEE, ASSIGNEE OR RECEIVER

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
City of Los Angeles, its officers, agencies and employees Housing and Community Investment Department P.O. Box 532729 Los Angeles, CA 90053-2729	4723 S Normandie Ave, Los Angeles, CA 90037
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT - CALIFORNIA

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

The additional premium for this endorsement shall be 5% of the applicable manual premium otherwise due on such remuneration subject to a policy maximum charge for all such waivers of 5% of total manual premium.

The minimum premium for this endorsement is \$350.

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

Schedule

Person/Organization: City of Los Angeles Housing and Community Investment Department

Job Description: All CA Operations

Waiver Premium: 0

Class	State	Payroll Subject to Waiver
8868	CA	1

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective: 09/27/2021

Policy No.: WAWC216183

Endorsement No.:

Insured:

Premium \$

Insurance Company: Oak River Insurance Company

Countersigned by _____

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – DESIGNATED
PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

<p>Name Of Additional Insured Person(s) Or Organization(s):</p> <p>City of Los Angeles, its officers, agencies and employees</p> <p>City of Los Angeles, its officers, agencies and employees; Housing and Community Investment Department P.O. Box 532729 Los Angeles, CA 90053-2729</p> <p>RE: Wakeland Wilcox LP 1040 N. Kenmore Ave. Los Angeles, CA 90029</p>
<p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p>

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. In the performance of your ongoing operations; or
2. In connection with your premises owned by or rented to you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Name Of Person Or Organization:

City of Riverside and the Housing Authority of the City of Riverside, and
their officers, employees and agents

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to Paragraph 8. **Transfer Of Rights Of Recovery Against Others To Us** of Section IV – Conditions:

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.

Philadelphia Indemnity Insurance Company

Additional Insured Schedule

Policy Number: PHPK2434664

Additional Insured

City of Riverside and
the Housing Authority of the City of
Riverside
3900 Main St
Riverside, CA 92522-0001

CA2048 - Commercial Automobile

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT - CALIFORNIA

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

The additional premium for this endorsement shall be 5% of the applicable manual premium otherwise due on such remuneration subject to a policy maximum charge for all such waivers of 5% of total manual premium.

The minimum premium for this endorsement is \$350.

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

Schedule

Person/Organization: City of San Diego

Job Description: All CA Operations

Waiver Premium: 0

Class	State	Payroll Subject to Waiver
8868	CA	1

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective: 09/27/2021

Policy No.: WAWC216183

Endorsement No.:

Insured:

Premium \$

Insurance Company: Oak River Insurance Company

Countersigned by _____

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
Housing Authority of the County of Riverside, its agencies, boards, districts, special districts, and departments, their respective directors, officers, board of supervisors, employees, elected or appointed officials, agents or representatives	3933 Mission Inn Avenue and 3655 Fairmount Blvd, Riverside, CA 92501
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT - CALIFORNIA

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

The additional premium for this endorsement shall be 5% of the applicable manual premium otherwise due on such remuneration subject to a policy maximum charge for all such waivers of 5% of total manual premium.

The minimum premium for this endorsement is \$350.

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

Schedule

Person/Organization: Housing Authority of the County of Riverside, its agencies, boards, districts, special districts, and departments, their respective directors, officers, board of supervisors, employees, elected or appointed officials, agents or representative

Job Description:

Waiver Premium: \$350

Class	State	Payroll Subject to Waiver
8868	CA	\$1

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective: 09/27/2021

Policy No.: WAWC216183

Endorsement No.:

Insured:

Premium \$

Insurance Company: Oak River Insurance Company

Countersigned by _____

LOSS PAYABLE SCHEDULE

(The entries required to complete this endorsement will be shown below or on the "schedule of coverages".)

Indicate applicable provision:

- Loss Payable
 - Lender's Loss Payable
 - Contract of Sale
-

SCHEDULE

Location Number

1

Address

3933 Mission Inn Avenue and 3655 Fairmount Blvd, Riverside, CA 92501

Covered Property

Builder's Risk

Name and Address of Loss Payee

Housing Authority of the
County of Riverside
3900 Main Street
Riverside, CA 92522



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – MORTGAGEE, ASSIGNEE OR RECEIVER

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
HCD Program Name: MHP, SHMHP, RHCP-BOND, etc.) State of California Department of HCD Asset Management and Compliance P. O. Box 952054 Sacramento, CA 94252-2054	4200 W Pico Blvd, Los Angeles, CA 90019
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

LOSS PAYABLE SCHEDULE

(The entries required to complete this endorsement will be shown below or on the "schedule of coverages".)

Indicate applicable provision:

- Loss Payable
 Lender's Loss Payable
 Contract of Sale
-

SCHEDULE

Location Number

1

Address

4723 S. Normandie Ave, Los Angeles, CA 90037

Covered Property

Builder's Risk

Name and Address of Loss Payee

HCD Program Name: MHP, SHMHP, RHCP-BOND, etc.)
State of California Department of HCD
Asset Management and Compliance
P. O. Box 952054
Sacramento, CA 94252-2054

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – MORTGAGEE, ASSIGNEE OR RECEIVER

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
HCD Program Name: MHP, SHMHP, RHCP-BOND, etc.) HCD officers agents, employees, directors and appointees. State of California Department of HCD Asset Management and Compliance P. O. Box 952054 Sacramento, CA 94252-2054	4723 S Normandie Ave, Los Angeles, CA 90037
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – DESIGNATED
PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD)
its officers, agents, employees, directors and appointees

RE: Wakeland Wilcox LP
1040 N. Kenmore Ave. Los Angeles, CA 90029

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. In the performance of your ongoing operations;
or
2. In connection with your premises owned by or rented to you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):

- Hudson Housing Capital LLC
- Hudson MM C LLC
- Hudson Housing Tax Credit Fund C LLC
- HH GP C LLC
- Hudson Quincy LP
- Midtown HHTCF C LLC
- Hudson-FM SLP LLC
- Fannie Mae Their successors and assign as their interest may appear

RE: Wakeland Quincy LP
2652 & 2662 W Pico Blvd, Los Angeles

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. In the performance of your ongoing operations; or
2. In connection with your premises owned by or rented to you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – MORTGAGEE, ASSIGNEE OR RECEIVER

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
Hudson SLP-J LLC, Hudson Housing Capital LLC, Hudson Housing Tax Credit Fund XC LP, HH GP XC LLC, Hudson Amani LP, FNBC Leasing Corporation	4200 W Pico Blvd, Los Angeles, CA 90019
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Name Of Person Or Organization: Hudson Housing Capital LLC Hudson SLP-J LLC Hudson Housing Tax Credit Fund XC LP HH GP XC LLC Hudson Amani LP FNBC Leasing Corporation
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to Paragraph 8. **Transfer Of Rights Of Recovery Against Others To Us** of Section IV – Conditions:

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard." This waiver applies only to the person or organization shown in the Schedule above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):

LACDA, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively "LACDA and its Agents").

RE: Wakeland Quincy LP
2652 & 2662 W Pico Blvd, Los Angeles

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. In the performance of your ongoing operations; or
2. In connection with your premises owned by or rented to you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Name Of Person Or Organization:

Los Angeles County Development Authority Housing
Investment and Finance Division
Attention: Director
700 West Main Street
Alhambra CA 91801

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to Paragraph 8. **Transfer Of Rights Of Recovery Against Others To Us** of Section IV – Conditions:

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard." This waiver applies only to the person or organization shown in the Schedule above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
Los Angeles County Development Authority Housing Investment and Finance Division Attention: Director 700 West Main Street Alhambra, CA 91801	4200 W Pico Blvd, Los Angeles, CA 90019
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
Los Angeles County Development Authority Housing Investment and Finance Division Attention: Director 700 West Main Street Alhambra CA 91801	4723 S Normandie Ave, Los Angeles, CA 90037
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT - CALIFORNIA

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

The additional premium for this endorsement shall be 5% of the applicable manual premium otherwise due on such remuneration subject to a policy maximum charge for all such waivers of 5% of total manual premium.

The minimum premium for this endorsement is \$350.

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

Schedule

Person/Organization: Los Angeles County Development Authority Housing Investment and Finance Division

Job Description: All CA Operations

Waiver Premium: 0

Class	State	Payroll Subject to Waiver
8868	CA	1

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective: 09/27/2021

Policy No.: WAWC216183

Endorsement No.:

Insured:

Premium \$

Insurance Company: Oak River Insurance Company

Countersigned by _____

LOSS PAYABLE SCHEDULE

(The entries required to complete this endorsement will be shown below or on the "schedule of coverages".)

Indicate applicable provision:

- Loss Payable
 Lender's Loss Payable
 Contract of Sale
-

SCHEDULE

Location Number

1

Address

4723 S. Normandie Ave, Los Angeles, CA 90037

Covered Property

Builder's Risk

Name and Address of Loss Payee

Los Angeles County Development Authority
Housing Investment and Finance Division
700 West Main Street
Alhambra, CA 91801

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
Local Initiatives Support Corporation 28 Liberty Street, 34th Floor New York, New York 10005 Attn: Legal Department	Wakeland Price Fourth Corner LP 4061 Fairmount Avenue, San Diego, CA 92105
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

Philadelphia Indemnity Insurance Company

Loss Payee Schedule

Policy Number:PHPK2434664

Loss Payee

Local Initiatives Support Corporation
Program Action No. 41923-0021
501 Seventh Avenue, 7th Floor
LISC P.A. No.: 41923-002
New York, NY 10018

NM - Loc #30 - Bld #1 - BUSINESS PERSONAL PROPERTY (APARTMENTS)

NM - Loc #31 - Bld #1 - BUSINESS PERSONAL PROPERTY (APARTMENTS)

NM - Loc #32 - Bld #1 - BUSINESS PERSONAL PROPERTY (APARTMENTS)

Philadelphia Indemnity Insurance Company

Additional Insured Schedule

Policy Number: PHPK2434664

Additional Insured

Local Initiatives Support Corporation
Program Action No. 41923-0021
501 Seventh Avenue, 7th Floor
LISC P.A. No.: 41923-002
New York, NY 10018

CG2026 - NM - Loc #30

CG2026 - NM - Loc #31

CG2026 - NM - Loc #32

Philadelphia Indemnity Insurance Company

Mortgagee Schedule

Policy Number: PHPK24346640

Mortgagee

Local Initiatives Support Corporation
Program Action No. 41923-0021
501 Seventh Avenue, 7th Floor
LISC P.A. No.: 41923-002
New York, NY 10018

NM - Loc #30 - Bld #1 - BUILDING (APARTMENTS)

NM - Loc #31 - Bld #1 - BUILDING (APARTMENTS)

NM - Loc #32 - Bld #1 - BUILDING (APARTMENTS)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – DESIGNATED
PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD)
its officers, agents, employees, directors and appointees

RE: Wakeland Wilcox LP
1040 N. Kenmore Ave. Los Angeles, CA 90029

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. In the performance of your ongoing operations; or
2. In connection with your premises owned by or rented to you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Name Of Person Or Organization:

Riverside Transit Agency and its officers, officials, employees, or volunteers.

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to Paragraph 8. **Transfer Of Rights Of Recovery Against Others To Us** of Section IV – Conditions:

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT - CALIFORNIA

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

You must maintain payroll records accurately segregating the remuneration of your employees while engaged in the work described in the Schedule.

The additional premium for this endorsement shall be 5% of the applicable manual premium otherwise due on such remuneration subject to a policy maximum charge for all such waivers of 5% of total manual premium.

The minimum premium for this endorsement is \$350.

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

Schedule

Person/Organization: Riverside Transit Agency and its officers, officials, employees or volunteers

Job Description: Affordable Housing and Sustainable Communities (AHSC) program

Waiver Premium: \$350

Class	State	Payroll Subject to Waiver
8868	CA	\$1

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective: 09/27/2021 Policy No.:WAWC216183

Endorsement No.:

Premium \$

Insured:

Insurance Company: Oak River Insurance Company

Countersigned by _____

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
San Diego Housing Commission, Housing Authority of the City of San Diego 1122 Broadway, Suite 300 San Diego, CA 92101	5858 Mt. Alifan Drive San Diego, CA 92111
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED - DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Schedule

Name of Additional Insured Person(s) or Organization(s):

SAN DIEGO UNIFIED SCHOOL DISTRICT
4100 NORMAL STREET, ANNEX 2, 101
SAN DIEGO CA 92103

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. SECTION II - WHO IS AN INSURED is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury," "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. in the performance of your ongoing operations; or
2. in connection with your premises owned by or rented to you.

However:

1. the insurance afforded to such additional insured only applies to the extent permitted by law; and
2. if coverage provided to the Additional Insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these Additional Insureds, the following is added to SECTION III - LIMITS OF INSURANCE:

If coverage provided to the Additional Insured is required by a contract or agreement, the most we will pay on behalf of the Additional Insured is the amount of insurance:

1. required by the contract or agreement; or

2. available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):

U.S. Bancorp Community Development Corporation

RE: Wakeland Price UB LP
4020 44th Street, San
Diego, CA 92105

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. In the performance of your ongoing operations; or
2. In connection with your premises owned by or rented to you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED
PRIMARY AND NON-CONTRIBUTORY INSURANCE**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART
SCHEDULE**

Name of Person or Organization (Additional Insured):

Blanket- Where required by contract

SECTION II – WHO IS AN INSURED is amended to include as an additional insured the person(s) or organization(s) shown in the endorsement Schedule, but only with respect to liability for “bodily injury,” “property damage” or “personal and advertising injury” arising out of or relating to your negligence in the performance of “your work” for such person(s) or organization(s) that occurs on or after the effective date shown in the endorsement Schedule.

This insurance is primary to and non-contributory with any other insurance maintained by the person or organization (Additional Insured), except for loss resulting from the sole negligence of that person or organization.

This condition applies even if other valid and collectible insurance is available to the Additional Insured for a loss or “occurrence” we cover for this Additional Insured.

The Additional Insured’s limits of insurance do not increase our limits of insurance, as described in **SECTION III – LIMITS OF INSURANCE.**

All other terms, conditions, and exclusions under the policy are applicable to this endorsement and remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – DESIGNATED
PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

<p>Name Of Additional Insured Person(s) Or Organization(s):</p> <p>U.S. Bancorp Community Development Corporation Deal ID #27650, P.O. Box 279, San Anselmo, CA 94979-0279</p> <p>RE: Wakeland Price Fourth Corner LP 4021, 4029, 4035, 4037 & 4061 Fairmount Avenue, San Diego, CA 92105</p>
<p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p>

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. In the performance of your ongoing operations; or
2. In connection with your premises owned by or rented to you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
U.S. Bank National Association ISAOA ATIMA, 4747 Executive Drive, 3rd Floor, San Diego, CA 92121	Wakeland Price Fourth Corner LP 4021, 4029, 4035, 4037 & 4061 Fairmount Avenue, San Diego, CA 92105
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Name Of Person Or Organization:

U.S. Bancorp Community Development Corporation
RE: Wakeland Price Fourth Corner LP, 4021, 4029, 4035, 4037 & 4061 Fairmount Avenue, San Diego, CA 92105

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to Paragraph **8. Transfer Of Rights Of Recovery Against Others To Us** of **Section IV – Conditions:**

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard." This waiver applies only to the person or organization shown in the Schedule above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s):

U.S. Bancorp Community Development Corporation

RE: Wakeland Price UB LP
4020 44th Street, San
Diego, CA 92105

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

1. In the performance of your ongoing operations; or
2. In connection with your premises owned by or rented to you.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED
PRIMARY AND NON-CONTRIBUTORY INSURANCE**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization (Additional Insured):

Blanket- Where required by contract

SECTION II – WHO IS AN INSURED is amended to include as an additional insured the person(s) or organization(s) shown in the endorsement Schedule, but only with respect to liability for “bodily injury,” “property damage” or “personal and advertising injury” arising out of or relating to your negligence in the performance of “your work” for such person(s) or organization(s) that occurs on or after the effective date shown in the endorsement Schedule.

This insurance is primary to and non-contributory with any other insurance maintained by the person or organization (Additional Insured), except for loss resulting from the sole negligence of that person or organization.

This condition applies even if other valid and collectible insurance is available to the Additional Insured for a loss or “occurrence” we cover for this Additional Insured.

The Additional Insured’s limits of insurance do not increase our limits of insurance, as described in **SECTION III – LIMITS OF INSURANCE**.

All other terms, conditions, and exclusions under the policy are applicable to this endorsement and remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

- BUILDERS' RISK COVERAGE FORM
- BUILDING AND PERSONAL PROPERTY COVERAGE FORM
- CONDOMINIUM ASSOCIATION COVERAGE FORM
- CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
- STANDARD PROPERTY POLICY

SCHEDULE

Location Number: 1	Building Number: 1	Applicable Clause (Enter C.1., C.2., C.3. or C.4.): C2
Description Of Property: 4020 44th Street, San Diego, CA 92105		
Loss Payee Name: U.S. Bank National Association ISAOA ATIMA, 4747 Executive Drive, 3rd Floor, San Diego, CA		
Loss Payee Address: 92121		
Location Number:	Building Number:	Applicable Clause (Enter C.1., C.2., C.3. or C.4.):
Description Of Property:		
Loss Payee Name:		
Loss Payee Address:		
Location Number:	Building Number:	Applicable Clause (Enter C.1., C.2., C.3. or C.4.):
Description Of Property:		
Loss Payee Name:		
Loss Payee Address:		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

- A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.
- C. The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

1. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

- a. Adjust losses with you; and
- b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear

2. Lender's Loss Payable Clause

a. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:

- (1) Warehouse receipts;
- (2) A contract for deed;
- (3) Bills of lading;
- (4) Financing statements; or
- (5) Mortgages, deeds of trust, or security agreements.

b. For Covered Property in which both you and a Loss Payee have an insurable interest:

- (1) We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
- (2) The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.

(3) If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:

- (a) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (b) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (c) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

(4) If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (a) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
- (b) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

c. If we cancel this policy, we will give written notice to the Loss Payee at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

d. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

3. Contract Of Sale Clause

- a. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered into a contract with for the sale of Covered Property.
- b. For Covered Property in which both you and the Loss Payee have an insurable interest, we will:
 - (1) Adjust losses with you; and
 - (2) Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
- c. The following is added to the **Other Insurance Condition**:
For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

4. Building Owner Loss Payable Clause

- a. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building in which you are a tenant.
- b. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
- c. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Name Of Person Or Organization:

U.S. Bank National Association ISAOA ATIMA
RE: Wakeland Price Fourth Corner LP, 4021, 4029, 4035, 4037 & 4061 Fairmount Avenue, San Diego, CA 92105

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to Paragraph **8. Transfer Of Rights Of Recovery Against Others To Us** of **Section IV – Conditions:**

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard." This waiver applies only to the person or organization shown in the Schedule above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
Wells Fargo Bank, N.A. Loan #1020077 Attn: RERM - MAC: D4001-105 100 North Main Street Winston Salem, NC 27101	748-760 Anita Street, Chula Vista CA 91911
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

Philadelphia Indemnity Insurance Company

Loss Payee Schedule

Policy Number:PHPK2434664

Lenders Loss Payable

Wells Fargo Bank NA

MAC: D4001-105

100 North Main Street

Winston Salem, NC 27101

CA - Loc #23 - Bld #1 - 1425 C Street, San Diego, CA 92101

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
Wells Fargo Bank NA MAC D4001-105 100 North Main Street Winston Salem, NC 27101	1425 C St San Diego, CA 92101-5717
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

LOSS PAYABLE SCHEDULE

(The entries required to complete this endorsement will be shown below or on the "schedule of coverages".)

Indicate applicable provision:

- Loss Payable
 Lender's Loss Payable
 Contract of Sale
-

SCHEDULE

Location Number

1

Address

4723 S. Normandie Ave, Los Angeles, CA 90037

Covered Property

Builder's Risk

Name and Address of Loss Payee

Wells Fargo Affordable Housing Community Development Corporation and
its successors and assigns, ATIMA
301 South College Street, MAC D1053-170
Charlotte, NC 28288-0173
Attn: Director of Tax Credit Asset Management

June 30, 2022

Wells Fargo Affordable Housing Community Development Corporation
Its Successors and Assigns ATIMA,
301 South College Street, MAC D1053-170
Charlotte, NC 28288-0173
Attn: Director of Tax Credit Asset Management

Re: Chesterfield Apartment, LP
Builders Risk Policy No. EC15287644
General Liability Policy No. PHPK2434664
Umbrella Liability Policy:PHUB822202/ XLS0126056

To whom it may concern:

If the insurance company elects to cancel or non-renew coverage, Cavignac will provide a 30-day non-renewal notice and a 10-day notice of non-payment for the above policies.

Sincerely,



Elizabeth Valle, CISR
Certifictaes Manager
direct line: 619-744-0574
e-mail: evalle@cavignac.com

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
Wells Fargo Affordable Housing Community Development Corporation and its successors and assigns, ATIMA 301 South College Street, MAC D1053-170 Charlotte, NC 28288-0173 Attn: Director of Tax Credit Asset Management	4723 S Normandie Ave, Los Angeles, CA 90037
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
Wells Fargo Affordable Housing Community Development Corporation, its successors and assigns ATIMA 301 South College St. MAC D1053-170 Charlotte, NC 28288-0173 Attn: Director of Tax Credit Asset Management	5858 Mt. Alifan Drive San Diego, CA 92111
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

This endorsement changes the Inland Marine Coverage. **PLEASE READ THIS CAREFULLY.**

MORTGAGEHOLDERS SCHEDULE

(The entries required to complete this schedule will be shown below or on the "schedule of coverages").

SCHEDULE

Location Number

1

Described Premise

748-760 Anita Street, Chula Vista, CA 91911

Covered Property

Builder's Risk

Name and Address of Mortgageholder

Wells Fargo Affordable Housing Community
Development Corporation and its S&A ATIMA
301 S. College Street, MAC D1053-170
Charlotte, NC 28288
Attn: Director of Tax Credit Asset Management
Loan #1020077

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
Wells Fargo Bank, NA Loan #1019580 Attn: RERM- MAC: D4001-105 100 N. Main Street Winston Salem, NC 27101	5858 Mt. Alifan Drive San Diego, CA 92111
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
Wells Fargo Bank, NA attn: RERM-MAC: N9300-091 600 South 4th Street Minneapolis, MN 55415	5020 Federal Blvd San Diego, CA 92102
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
Wells Fargo Bank, N.A. Loan #1019836 Attn: RERM - MAC: D4001-105 100 N. Main Street Winston Salem, NC 27101	4723 S Normandie Ave, Los Angeles, CA 90037
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

This endorsement changes the Inland Marine Coverage. **PLEASE READ THIS CAREFULLY.**

MORTGAGEHOLDERS SCHEDULE

(The entries required to complete this schedule will be shown below or on the "schedule of coverages").

SCHEDULE

Location Number

1

Described Premise

4723 S. Normandie Ave, Los Angeles, CA

Covered Property

Builder's Risk

Name and Address of Mortgageholder

Wells Fargo Bank, N.A.
Loan #1019836
Attn: RERM - MAC: D4001-105
100 N. Main Street
Winston Salem, NC 27101

This endorsement changes the Inland Marine Coverage. PLEASE READ THIS CAREFULLY.

MORTGAGEHOLDERS SCHEDULE

(The entries required to complete this schedule will be shown below or on the "schedule of coverages").

SCHEDULE

Location Number

1

Described Premise

748-760 Anita Street, Chula Vista, CA 91911

Covered Property

Builder's Risk

Name and Address of Mortgageholder

Wells Fargo Bank, N.A.
Loan #1020077
Attn: RERM - MAC: D4001-105
100 North Main Street
Winston Salem, NC 27101

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
MORTGAGEE, ASSIGNEE OR RECEIVER**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Person(s) Or Organization(s)	Designation Of Premises
Wells Fargo Affordable Housing Community Development Corporation and its S&A ATIMA 301 S. College Street, MAC D1053-170 Charlotte, NC 28288 Attn: Director of Tax Credit Asset Management Loan #1020077	748-760 Anita Street, Chula Vista CA 91911
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of the premises by you and shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

C. With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

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 TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$47,111,000 AND TAXABLE MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$30,000,000 TO FINANCE THE ACQUISITION, CONSTRUCTION AND DEVELOPMENT OF A MULTIFAMILY RENTAL HOUSING FACILITY KNOWN AS CUATRO AT CITY HEIGHTS, AND APPROVING AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS.

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

WHEREAS, Cuatro at City Heights LP, a California limited partnership (Borrower), has requested that the Authority borrow funds and loan the funds to the Borrower to finance Borrower's acquisition, construction and development of a scattered-site project within the City of San Diego (City) to be known as "Cuatro at City Heights" (Project), consisting of the following (Project): (i) a 25-unit (including one manager's unit) multifamily rental housing facility located at 4050 El Cajon Boulevard; (ii) a 21-unit multifamily rental housing facility located at 3951 University Avenue; and (iii) a 71-unit (including one manager's unit) multifamily rental housing facility located at 4050 and 4102-4122 University Avenue; and

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

WHEREAS, the Authority intends to issue and sell its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cuatro at City Heights) Series 2024C-1 (Tax-Exempt Bonds) in a principal amount not to exceed \$47,111,000, and its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cuatro at City Heights) Series 2024C-2 (Taxable) (Taxable Bonds, and collectively with the Tax-Exempt Bonds, the Bonds), in a principal amount not to exceed \$30,000,000, to Banner Bank, a Washington corporation (Bank), and apply the sale proceeds of the Bonds to fund a loan to the Borrower (Loan); and

WHEREAS, the Authority will fund the Loan, and the Borrower will use the proceeds of the Bonds to finance costs of the acquisition, construction and development of the Project; and

WHEREAS, the issuance of tax-exempt bonds or notes by the Authority is subject to the approval by the City Council of the City of San Diego (City Council), after publication of a “TEFRA” notice and the holding of a “TEFRA” hearing, as required by the Internal Revenue Code of 1986, as amended (Code), and applicable United States Treasury Regulations; and

WHEREAS, on January 19, 2024, the San Diego Housing Commission (Housing Commission) held on behalf of the City, under authority delegated to the Housing Commission by the City, a duly noticed public hearing in accordance with all applicable law and an opportunity was provided at such hearing for interested persons to express their views on the issuance of the Tax-Exempt Bonds and on the nature and location of the Project; and

WHEREAS, the City Council, as the applicable elected representative under section 147(f) of the Code, approved the Authority's issuance of the Tax-Exempt Bonds in an aggregate principal amount not to exceed \$47,111,000 on the date hereof; and

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

WHEREAS, on August 23, 2023, CDLAC allocated to the Project a total of \$47,111,000 of available State of California volume cap for private activity bonds under section 146 of the Code; and

WHEREAS, the following documents are presented for consideration:

(1) The form of Trust Indenture (Indenture), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (Trustee), including the form of the Tax-Exempt Bonds and Taxable Bonds attached to the Indenture as Exhibit A,

(2) The form of Construction and Term Loan Agreement (Loan Agreement), by and among the Authority, the Borrower, and the Bank, in its capacity as "Majority Owner" and "Servicer" (as those terms are defined in the Indenture),

(3) The forms of Regulatory Agreement and Declaration of Restrictive Covenants (4050 El Cajon Boulevard), Regulatory Agreement and Declaration of Restrictive Covenants (3951 University Avenue) and Regulatory Agreement and Declaration of Restrictive Covenants (4050 and 4102-4122 University Avenue) (collectively, Regulatory Agreement), by and between the Authority and Borrower, and

(4) The form of Assignment of Deed of Trust and Related Documents (Assignment), by the Authority in favor of Trustee; and

WHEREAS, each of the above-referenced documents is in appropriate form and is an appropriate instrument to be executed and delivered for the purposes intended; and

WHEREAS, the Project is consistent with the Final Environmental Impact Report (EIR) for Mid-City Communities Plan Update (Project No. 98-8207/SCH No. 1998031095) which was certified by City Council Resolution R-290608 (Aug. 4, 1998) in compliance with the California Environmental Quality Act (CEQA) (Public Resources Code sections 21000-21189.70.10). This action to approve the issuance of Bonds for the Project is a subsequent discretionary action within the scope of the development program evaluated in the EIR and is not a separate project under CEQA Guidelines sections 15378(c) and 15060(c)(3). 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, federal funds constitute a portion of the funding for this Project and the processing of an Environmental Assessment is required in compliance with the National Environmental Policy Act. The provision of federal funds is conditioned on the approval of the Environmental Assessment by the City of San Diego and the receipt of the Authority to Use Grant Funds from the U.S. Department of Housing and Urban Development; 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, construction and development of the Project through the execution and delivery of the Bonds in order to assist persons of low and very low income within the City of San Diego in obtaining decent, safe, and sanitary housing and to achieve certain other public purposes.

Section 2. Authorization of Bonds. For the purpose of financing the acquisition, construction and development of the Project, the Authority approves the issuance of the Tax-Exempt Bonds, in any number of subseries, in an aggregate principal amount not to exceed \$47,111,000 and the Taxable Bonds, in any number of subseries, in an aggregate principal amount not to exceed \$30,000,000. The Bonds shall be issued in the principal amount and shall bear interest (which shall not exceed 12% per annum) and mature (not later than 45 years from the date of execution and delivery thereof) as provided in the Indenture. The Bonds shall be in substantially the form attached as Exhibit A to the Indenture, with such appropriate variations, omissions, insertions, and provisions as are required or permitted by the Indenture. The Bonds shall be special, limited obligations of the Authority and shall be payable as to principal and interest, and the obligations of the Authority under the Indenture shall be paid and satisfied, solely from the revenues, receipts, and other moneys and assets pledged under the Indenture.

Section 3. Execution and Delivery of the Bonds. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chairperson of the Authority (Chairperson), Vice Chairperson of the Authority (Vice Chairperson), Executive Director of the Authority (Executive Director) or President & CEO, Deputy CEO, Executive VP Real Estate, Senior Vice President Housing Finance & Property Management, or Vice President Multifamily Housing Finance of the Housing Commission.

Section 4. Approval of the Indenture. The Indenture, in the form on file in the Housing Commission offices, is approved. The Chairperson, Vice Chairperson, and Executive Director, the President & CEO, Deputy CEO, Executive VP Real Estate, Senior Vice President Housing Finance & Property Management, or Vice President Multifamily Housing Finance of the Housing Commission, 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 referred to as the Designated Officers) are each authorized to execute and deliver the Indenture in such form, together with such changes as may be approved by the Designated Officer executing the same, upon consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Indenture approved in this Resolution.

Section 5. Approval of Loan Agreement. The Loan Agreement, in the form on file in the Housing Commission offices, is approved. The Designated Officers are each authorized to execute and deliver the Loan Agreement in such form, together with such changes as may be approved by the Designated Officer executing the same, in consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Loan Agreement approved in this Resolution.

Section 6. Approval of Regulatory Agreement. The Regulatory Agreement, in the form on file in the Housing Commission offices, is approved. The Designated Officers are each authorized to execute and deliver the Regulatory Agreement in such form, together with such changes as may be approved by the Designated Officer executing the same, in consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Regulatory Agreement approved in this Resolution.

Section 7. Approval of Assignment. The Assignment, in the form on file in the Housing Commission offices, is approved. The Designated Officers are each authorized to execute and deliver the Assignment in such form, together with such changes as may be approved by the Designated Officer executing the same, in consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Assignment approved in this Resolution.

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

Section 9. Further Consents, Approvals and Other Actions. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution or otherwise appropriate in the administration of the Bonds and the lending program financed by the Bonds, including any of the foregoing that may be necessary or desirable in connection with any amendment of such documents, any transfer of the Project or any portion of the Project, any substitution of security for the Bonds, or any prepayment or redemption of the Bonds, or any amendment to the Regulatory Agreement or partial reconveyance of the Regulatory Agreement in connection with the transfer of commercial space

in the Project, 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, or execute and deliver such amendment or partial reconveyance, and to take any action that any of the Designated Officers may deem necessary or desirable to further the purposes of this Resolution.

Section 10. Severability. If any section, paragraph, or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, or provision shall not affect any remaining provisions of this Resolution.

Section 11. Effective Date. This Resolution shall take effect immediately upon its adoption.

APPROVED: MARA W. ELLIOTT, General Counsel

By _____
Marguerite Middaugh
Deputy General Counsel

MEM:jdf
01/24/2024
Or. Dept.: Housing
Doc. No.: 3539309

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

and

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

TRUST INDENTURE

Dated as of February 1, 2024

Relating to

**\$47,111,000
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(CUATRO AT CITY HEIGHTS)
SERIES 2024C-1**

and

**[\$C-2 Amount]
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(CUATRO AT CITY HEIGHTS)
SERIES 2024C-2 (TAXABLE)**

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TRUST INDENTURE

This TRUST INDENTURE dated as of February 1, 2024 (this “**Indenture**”), by and between the Housing Authority of the City of San Diego, a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California (together with any successor to its rights, duties and obligations, the “**Issuer**”), and U.S. Bank Trust Company, National Association, a national banking association organized and existing under and by virtue of the laws of the United States of America and being duly qualified to accept and administer the trusts created hereby, as trustee (the “**Trustee**”),

WITNESSETH:

WHEREAS, the Issuer is authorized under Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (the “**Act**”), to finance multifamily rental housing by issuing its revenue bonds to provide funds for the cost of the permanent financing thereof; and

WHEREAS, Cuatro at City Heights 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, construction and equipping of a scattered-site project within the City of San Diego, California, to be known as “Cuatro at City Heights,” consisting of the following (collectively, the “**Project**”): (i) a 25-unit (including one manager’s unit) multifamily rental housing facility located at 4050 El Cajon Boulevard; (ii) a 21-unit multifamily rental housing facility located at 3951 University Avenue; and (iii) a 71-unit (including one manager’s unit) multifamily rental housing facility located at 4050 and 4102-4122 University Avenue; 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 its Multifamily Housing Revenue Bonds (Cuatro at City Heights), Series 2024C-1 in the aggregate principal amount of \$47,111,000 (the “**Tax-Exempt Bonds**”) and its Multifamily Housing Revenue Bonds (Cuatro at City Heights), Series 2024C-2 (Taxable) in the aggregate principal amount of \$[C-2 Amount] (the “**Taxable Bonds**” and, together with the Tax-Exempt Bonds, the “**Bonds**”) for the purpose of providing funding necessary for the acquisition, construction, and equipping of the Project; and

WHEREAS, pursuant to a Construction and Term Loan Agreement dated as of even date herewith (the “**Loan Agreement**”), by and among the Issuer, the Borrower and Banner Bank, a Washington corporation, in its capacity as Majority Owner and Servicer (each as defined herein (the “**Bank**”), the Issuer has agreed to issue the Bonds and lend the proceeds thereof to the Borrower and the Borrower has agreed to: (i) apply the proceeds of the Loan (as defined herein) to pay a portion of the costs of acquisition, construction and equipping of the Project, (ii) make payments sufficient to pay the principal of and interest on the Bonds when due (whether at maturity, by redemption, acceleration or otherwise), and (iii) observe the other covenants and agreements and make the other payments set forth therein; and

WHEREAS, the Borrower has delivered to the Trustee, on behalf of the Issuer, its promissory notes dated the date of issuance of the Bonds in an aggregate original principal amount equal to the aggregate original principal amount of the Bonds, evidencing its obligation to repay the Loan, and the Issuer has made the Loan to the Borrower, subject to the terms and conditions of the Loan Agreement and this Indenture; and

WHEREAS, to secure its obligations under the Loan Agreement and the Notes (as defined herein), the Borrower has executed (i) a Construction and Permanent Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (as amended, modified or supplemented from time to time, the “**Mortgage**”), which the Issuer has assigned to the Trustee pursuant to an Assignment of Deed of Trust and Related Documents (as amended, modified or supplements from time to time, the “**Assignment of Mortgage**”), (ii) an Assignment of Construction Contracts and Permits (as amended, modified or supplemented from time to time, the “**Assignment of Project Documents**”) in favor of the Trustee, (iii) an Assignment of Agreement to Enter into Housing Assistance Payments Contract (as amended, modified or supplemented from time to time, the “**Assignment of Agreement to Enter into Housing Assistance Payments Contract**”) in favor of the Trustee, (iv) an Assignment of Rights under Development Agreement (as amended, modified or supplemented from time to time, the “**Assignment of Development Agreement**”) in favor of the Trustee, (v) an Assignment of Architect’s Contract (as amended, modified or supplemented from time to time, the “**Assignment of Architect’s Contract**”) in favor of the Trustee, (vi) a Security Agreement (Assignment of Tax Credits and Capital Obligations (as amended, modified or supplemented from time to time, the “**Security Agreement**”) in favor of the Trustee, and (vii) an Assignment of Rights under Management Agreement (and Subordination by Property Manager) (the “**Assignment of Management Agreement**”) in favor of the Trustee, each dated as of even date with this Indenture, for the benefit of the Issuer, as secured party;

NOW, THEREFORE, in consideration of the premises and the mutual promises, representations and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

GRANTING CLAUSES

The Issuer, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect, and to secure the performance and observance by the Issuer of all the covenants, agreements and conditions herein and in the Bonds contained, does hereby transfer, pledge and assign, without recourse, to the Trustee and its successors and assigns in trust forever, and does hereby grant a security interest unto the Trustee and its successors in trust and its assigns, in and to all and singular the property described in paragraphs (a), (b) and (c) below (said property being herein referred to as the “**Trust Estate**”), to wit:

(a) All right, title and interest of the Issuer in and to the Notes, the Mortgage, the Assignment of Project Documents, the Assignment of Agreement to Enter Into Housing Assistance Payments Contract, the Assignment of Development Agreement, the Assignment of Architect’s Contract, Assignment of Management Agreement, the Security Agreement and the other Loan Documents (as that term is defined below), and all moneys from time to time paid by the Borrower pursuant to the terms of the Loan Documents and all right, title and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof) under and pursuant to and subject to the provisions of the Loan Agreement (but in all cases excluding the Reserved Rights); and

(b) All other moneys and securities from time to time held by the Trustee under the terms of this Indenture, excluding amounts held in the Expense Fund or required to be rebated to

the United States Treasury under Section 148(f) of the Code, whether or not held in the Rebate Fund; and

(c) Any and all property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder to the Trustee, which the Trustee is hereby authorized to receive at any and all times and to hold and apply the same subject to the terms of this Indenture.

TO HAVE AND TO HOLD, all and singular, the Trust Estate with all rights and privileges hereby transferred, pledged, assigned and/or granted or agreed or intended so to be, to the Trustee and its successors and assigns in trust forever;

IN TRUST NEVERTHELESS, upon the terms and conditions herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the Bonds Outstanding, without preference, priority or distinction as to participation in the lien, benefit and protection of this Indenture of one Bond over or from the others, except as herein otherwise expressly provided;

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the Issuer or its successors or assigns shall well and truly pay or cause to be paid the principal of such Bonds with interest, according to the provisions set forth in the Bonds, or shall provide for the payment or redemption of such Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions of Article IX (it being understood that any payment with respect to the principal of or interest on Bonds made by the Borrower shall not be deemed payment or provision for the payment of the principal of or interest on Bonds, except Bonds purchased and canceled by the Trustee, all such uncanceled Bonds to remain Outstanding and the principal of and interest thereon payable to the Owners thereof), and shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then these presents and the estate and rights hereby granted shall cease, terminate and become void, and thereupon the Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Issuer and upon the payment by the Issuer of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Issuer such instruments of satisfaction or release as may be necessary or proper to discharge this Indenture of record, and if necessary shall grant, reassign and deliver to the Issuer all and singular the property, rights, privileges and interests by it hereby granted, conveyed and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as herein provided; otherwise this Indenture shall be and remain in full force;

THIS INDENTURE FURTHER WITNESSETH, and it is hereby expressly declared, covenanted and agreed by and between the parties hereto, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and that all the Trust Estate is to be held and applied under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer does hereby agree and covenant with the Trustee, for the benefit of the respective Owners from time to time of the Bonds as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.01 Definitions. The following capitalized terms, as used in this Indenture, shall have the meanings specified below unless the context otherwise shall require. All other capitalized terms that are defined in the Loan Agreement and not defined herein shall have the respective meanings ascribed to them in the Loan Agreement.

“Accounts” means the accounts established pursuant to Section 5.01 hereof.

“Accredited Investor” has the meaning ascribed to such term Sections 501(a)(1), (2), (3), or (7) promulgated under Regulation D under the Securities Act of 1933, as amended.

“Act” has the meaning set forth for that term in the Recitals above.

“Additional Interest” means an amount equal to the excess of (i) the amount of interest an Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) would have received during the period of time commencing on the date that the interest on the Tax-Exempt Bonds becomes subject to federal income taxation to the earlier of the date of the payment of the Tax-Exempt Bonds or the date of a Determination of Taxability (excluding from such period any time in which the tax on such interest is uncollectible) at a per annum rate equal to the Taxable Rate, over (ii) the aggregate amount of interest received by an Owner for said period.

“Affiliates” or **“Affiliate”** means, if with respect to an entity, (i) any manager, member, officer or director thereof and any Person who or which is, directly or indirectly, the beneficial owner of more than 10% of any class of shares or other equity security, or (ii) any Person which, directly or indirectly, controls or is controlled by or is under common control with such entity. Control (including the correlative meanings of “controlled by” and “under common control with”) means effective power, directly or indirectly, to direct or cause the direction of the management and policies of such Person. With respect to a partnership or venture, “Affiliate” shall include, without limitation, any (i) general partner, (ii) general partner of a general partner, or (iii) partnership with a common general partner, and if any general partner is a corporation, any Person which is an “Affiliate” (as defined above) of such corporation. With respect to a limited liability company, “Affiliate” shall include, without limitation, any member.

“Alternative Rate” has the meaning given to the term “Default Rate” in the applicable Note.

“Amortization Date” means the first day of the second full month following the Conversion Date.

“Assignment of Architect’s Contract” has the meaning set forth for that term in the Recitals above.

“Assignment of Development Agreement” has the meaning set forth for that term in the Recitals above.

“Assignment of Management Agreement” has the meaning set forth for that term in the Recitals above.

“Assignment of Mortgage” has the meaning set forth for that term in the Recitals above.

“Assignment of Project Documents” has the meaning set forth for that term in the Recitals above.

“Authorized Denomination” means \$100,000, and any amount in excess of \$100,000, but not in excess of the aggregate principal amount of Bonds then Outstanding.

“Authorized Representative” means, (i) with respect to the Issuer, any Designated Officer (as that term is defined in the Resolution); (ii) with respect to the Borrower, any person or persons designated to act on behalf of the Borrower by a certificate filed with the Issuer, the Trustee and the Servicer containing the specimen signatures of such person or persons and signed by an authorized representative of the Borrower and (iii) with respect to the Servicer, any person or persons designated to act on behalf of the Servicer by a certificate filed with the Borrower, the Issuer and the Trustee, containing the specimen signatures of such person or persons and signed on behalf of the Servicer by its President, Vice President or Secretary. Each such certificate referred to in clauses (ii) and (iii) of the preceding sentence may designate an alternate or alternates, each of whom shall be entitled to perform all duties and exercise all powers of an Authorized Representative.

“Bank” means Banner Bank, a Washington corporation, and its successors and assigns.

“Bond” or **“Bonds”** has the meaning set forth for that term in the Recitals above.

“Bond Counsel” means Jones Hall, A Professional Law Corporation, or any other attorney or firm of attorneys of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of tax-exempt obligations and who is acceptable to the Issuer and the Servicer.

“Bond Payment Date” means each Interest Payment Date or date on which principal or redemption price shall be payable on any of the Bonds according to their respective terms.

“Borrower” has the meaning set forth for that term in the Recitals above.

“Business Day” means any day other than (i) Saturday or Sunday, or (ii) a day on which federally insured depository institutions in Seattle, Washington are authorized or obligated by law, regulation, governmental decree or executive order to be closed.

“Calculation Period” means the period commencing upon the first day of each month and ending on (and including) the last day of such month.

“Capitalized Interest Account” means the account of that name established in the Project Fund pursuant to Section 5.01 of this Indenture.

“Closing Date” means the date of issuance of the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, together with all corresponding and applicable final or temporary regulations and revenue rulings issued or promulgated thereunder.

“Completion” has the meaning set forth for that term in the Loan Agreement.

“Completion Agreement” means that certain Completion Agreement executed by Guarantor and dated as of even date with this Indenture.

“Completion Date” has the meaning set forth for that term in the Loan Agreement.

“Condemnation Award” means the total condemnation proceeds actually paid by the condemnor as a result of the condemnation of all or any part of the property subject to the Mortgage less the actual costs incurred, including attorneys’ fees, in obtaining such award.

“Conditions to Conversion” has the meaning given that term in the Tax-Exempt Note.

“Control,” “Controlled” and “Controlling” means, with respect to any Person, either (i) ownership directly or indirectly of more than 50% of all beneficial equity interest in such Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise.

“Conversion Date” has the meaning given that term in the Tax-Exempt Note.

“Costs of Issuance” means **“issuance costs”** with respect to the Bonds within the meaning of Section 147(g) of the Code.

“Costs of Issuance Account” means the account of that name established within the Project Fund pursuant to Section 5.01 of this Indenture.

“Counsel” means an attorney or firm of attorneys acceptable to the Trustee and the Servicer, and may, but need not, be Bond Counsel, counsel to the Issuer, the Servicer or the Borrower.

“Determination of Taxability” means (i) a determination by the Commissioner or any District Director of the Internal Revenue Service, (ii) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service, (iii) a determination by any court of competent jurisdiction, or (iv) receipt by the Trustee, at the request of the Servicer, of an opinion of Bond Counsel to the effect that the interest on the Tax-Exempt Bonds is includable in gross income for federal income tax purposes of the Owners thereof or any former Owner thereof, other than an Owner who is a “substantial user” (within the meaning of Section 147(a) of the Code) of the Project or a “related person” (as defined in Section 147(a) of the Code); provided that no such Determination of Taxability under clause (i), (ii) or (iii) shall be deemed to have occurred if (a) the Borrower and the Servicer have been afforded the opportunity to contest such determination, and (b) if the Borrower or the Servicer has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (A) a final determination from which no appeal may be taken with respect to such determination, or (B) abandonment of such appeal by the Borrower or the Servicer.

“Environmental Indemnity” means the Hazardous Waste Warranty And Indemnification Agreement dated as of even date herewith, from the Borrower and Guarantor for the benefit of the Trustee, Issuer and Majority Owner (the **“Borrower Indemnity Agreement”**), as the same may be modified, supplemented or amended from time to time.

“Equity Account” means the account of that name established within the Project Fund pursuant to Section 5.01 of this Indenture.

“Event of Default” means any of those events defined as Events of Default by Section 6.01 of this Indenture.

“Expense Fund” means the fund of that name established pursuant to Section 5.01 of this Indenture.

“Fair Market Value” shall mean 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 (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) 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, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Issuer and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the Regulations, the term “investment” will include a hedge.

“Fixed Rate” has the meaning given that term in the Tax-Exempt Note.

“Fixed Rate Period” means the period commencing on the Conversion Date and ending on (and including) the Maturity Date.

“Funds” means the funds established pursuant to Section 5.01 hereof.

“Government Obligations” means direct obligations of, or obligations guaranteed by, the United States of America.

“Guarantor” means Wakeland Housing and Development Corporation, a California nonprofit public benefit corporation.

“Guaranty” means that certain Commercial Guaranty executed by Guarantor and dated as of even date with this Indenture.

“Indenture” has the meaning set forth for that term in the Recitals above.

“Initial Notification of Taxability” means the receipt by Trustee or any Owner of a communication from the Internal Revenue Service or any court of competent jurisdiction to the effect that the exclusion of interest on the Tax-Exempt Bonds from the gross income of the Owners (except for any Owner that is a “substantial user” or a “related person” within the meaning of Section 147(a) of the Code), for federal income tax purposes, will not continue in effect.

“Insurance and Condemnation Proceeds Account” means the account of that name established within the Project Fund pursuant to Section 5.01 of this Indenture.

“Insurance Proceeds” means the total proceeds of insurance actually paid or payable by an insurance company in respect of the required insurance on the Project, less the actual costs incurred, including attorneys’ fees, in the collection of such proceeds.

“Interest Payment Date” means the first day of each month commencing with the month following the month in which the Closing Date occurs.

“Interim Construction Loan Maturity Date” has the meaning set forth for that term in the Tax-Exempt Note, as it may be amended from time to time.

“Investment Securities” means any one or more of the following investments, if and to the extent the same are then legal investments under the applicable laws of the State for moneys proposed to be invested therein:

(a) Bonds or other obligations of the State or bonds or other obligations, the principal of and interest on which are guaranteed by the full faith and credit of the State;

(b) Bonds or other obligations of the United States or of subsidiary corporations of the United States Government which are fully guaranteed by such government;

(c) Obligations of agencies of the United States Government issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, and the Central Bank for Cooperatives;

(d) Bonds or other obligations issued by any public housing agency or municipality in the United States, which bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipality in the United States and fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(e) Certificates of deposit of national or state banks which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan associations which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any such bond proceeds. The portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, if any, shall be secured by deposit, with the Federal Reserve Bank of San Francisco, California, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association, of one or more the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State or of any county or municipal corporation in the State, obligations of the United States or subsidiary corporations included in paragraph (ii) hereof, obligations of the agencies of the United States Government included in paragraph (iii) hereof, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities included in paragraph (iv) hereof;

(f) Interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956 and whose unsecured or uncollateralized long-term debt obligations of which are rated in the one of the two highest letter rating categories of S&P or Moody's or whose unsecured and uncollateralized short-term debt obligations are rated in one of the two highest letter rating categories of S&P or Moody's at the time of purchase, provided that each such interest-bearing deposit, repurchase agreement, reverse repurchase agreement, guarantee agreement, or other similar banking arrangement shall permit the moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys;

(g) Any and all other obligations of investment grade and having a nationally recognized market, including, but not limited to, rate guarantee agreements, guaranteed investment contracts, or other similar arrangements offered by any firm, agency, business, governmental unit, bank, insurance company or other entity; provided, that each such obligation shall permit moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys;

(h) Shares of a money market mutual fund or other collective investment fund registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, having assets of at least \$100,000,000 and rated in the one of the two highest letter rating categories of S&P or Moody's; and

(i) Any other investment approved in writing by the Servicer.

"Investor Limited Partner" means U.S. Bancorp Community Development Corporation, a Minnesota corporation, or its successors and assigns.

"Issuer" has the meaning set forth for that term in the Recitals above.

"Issuer Documents" means, collectively, this Indenture, the Loan Agreement, the Regulatory Agreement and the Tax Certificate.

"Issuer's Administration Fee" has the meaning given to the term "Authority Fee" in the Regulatory Agreement.

"Loan" means, collectively, the Tax-Exempt Loan and the Taxable Loan.

"Loan Agreement" means the Construction and Term Loan Agreement dated as of even date herewith, by and among the Issuer, the Borrower and the Bank, as the same may be supplemented, amended or modified.

"Loan Documents" means, collectively, the Loan Agreement, the Notes, the Regulatory Agreement, the Mortgage, the Assignment of Mortgage, the Assignment of Agreement to Enter Into Housing Assistance Payments Contract, the Assignment of Architect's Contract, the Assignment of Development Agreement, the Assignment of Project Documents, the Security Agreement, the Environmental Indemnity, Completion Agreement, Assignment of Management

Agreement, the Guaranty, the Tax Certificate and, upon delivery thereof, the Servicing Agreement, together with all other documents or instruments executed by the Borrower which evidence or secure the Borrower's indebtedness under such documents and all other documents and instruments delivered simultaneously herewith or required under the Loan Documents to be delivered during the term of the Loan.

"Majority Owner" means the Person who owns at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds, or, if no single person owns at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds, the person who is designated in writing to exercise the powers of "Servicer" and "Majority Owner" hereunder by persons who collectively own at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds.

"Maturity Date" means, with respect to the Tax-Exempt Bonds, [C-1 Maturity], and with respect to the Taxable Bonds, [C-2 Maturity].

"Maximum Rate" means the least of (i) twelve percent (12%) per annum, or (ii) the maximum rate permitted by law.

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, with the consent of the Borrower and the Servicer.

"Mortgage" has the meaning set forth for that term in the Recitals above.

"Notes" means, collectively, the Tax-Exempt Note and the Taxable Note, as each may be amended, modified or supplemented from time to time.

"Notice Address" means, with respect to the Issuer, 1122 Broadway, Suite 300, San Diego, California 92101, Attention: Vice President of Multifamily Housing Finance, and Office of the San Diego City Attorney, 1200 Third Avenue, Suite 1620, San Diego, California 92101, Attention: Marguerite Middaugh; with respect to the Borrower, Cuatro at City Heights LP, c/o Wakeland Housing and Development Corporation, 1230 Columbia Street, Suite 950, San Diego, California 92101, Attention: President, with a copy to Goldfarb & Lipman LLP, 1300 Clay Street, 11th Floor, Oakland, California 94612, Attention: Heather Gould, Esq.; with respect to the Trustee, U.S. Bank Trust Company, National Association, 633 W. Fifth Street, 24th Floor, Los Angeles, California 90071, Reference: Cuatro at City Heights; with respect to the initial Servicer and Majority Owner: Banner Bank, 5930 Granite Lake Drive, #170, Granite Bay, California 95746, Loan Nos. 14018431 and 14018432; with respect to any future Servicer or Majority Owner, such address as may be shown in the records of the Trustee; with respect to the Investor Limited Partner: U.S. Bancorp Community Development Corporation, 1307 Washington Avenue, Suite 300, Mail Code: SL RMCD, Project No. 30443, St. Louis, Missouri 63103 Attention: Director of LIHTC Asset Management, with a copy to Kutak Rock LLP, 1650 Farnam Street, Omaha, Nebraska 68102, Attention: Jill Goldstein, Esq.

“Outstanding” means, when used with respect to Bonds, as of any date, all Bonds theretofore authenticated and delivered under this Indenture except any:

- (a) Bond canceled or delivered to the registrar for cancellation on or before such date;
- (b) Bond specified as not Outstanding in paragraph (b) of Section 4.05 hereof;
- (c) Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to Article III of this Indenture;
- (d) Bond deemed to have been paid as provided in Article IX of this Indenture;
- (e) Bond owned or held by or for the account of the Issuer, as provided in Section 10.11 of this Indenture, for the purpose of consent or other action or any calculation of outstanding Bonds provided for in this Indenture, and
- (f) undelivered Bond (except for purposes of receiving the purchase price thereof upon surrender in accordance with this Indenture).

“Owner” or **“Owners”** means the registered owner, or owners, of the Bonds.

“Security Agreement” has the meaning set forth for that term in the Recitals above.

“Person” means any natural individual, corporation, partnership, trust, unincorporated association, business or other legal entity, and any government or governmental agency or political subdivision thereof.

“Prepayment Equalization Payment” means the amount of the prepayment premium or prepayment fee described in the Tax-Exempt Note, as calculated in accordance with the terms thereof.

“Prime Rate” means, on any day, the rate of interest per annum then most recently established by Bank as its “prime rate.” Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by Bank to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that Bank may make various business or other loans at rates of interest having no relationship to such rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of a change in Bank’s Prime Rate. If Bank ceases to exist or to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in *The Wall Street Journal* (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported.

“Principal Office” means, with respect to any party, the office designated as such in, or as designated by the respective party in writing pursuant to, this Indenture.

“Project” has the meaning set forth for that term in the Recitals above.

“Project Fund” means the fund of that name established pursuant to Section 5.01 of this Indenture.

“Property” has the meaning ascribed to such term in the Mortgage.

“Qualified Institutional Buyer” has the meaning ascribed to such term in Rule 144A promulgated under the Securities Act of 1933, as amended.

“Qualified Project Costs” has the meaning given to that term in the Regulatory Agreement.

“Rebate Analyst” means any Person, chosen by the Borrower and acceptable to the Issuer and at the expense of the Borrower, qualified and experienced in the calculation of rebate payments under Section 148 of the Code and compliance with the arbitrage rebate regulations promulgated under the Code, that is engaged for the purpose of determining the amount of required deposits to the Rebate Fund, if any, pursuant to the Tax Certificate.

“Rebate Fund” means the fund of that name established pursuant to Section 5.01 of this Indenture.

“Rebate Requirement” shall mean, for any given period, the amount determined by the Rebate Analyst as required to be rebated or paid as a yield reduction payment to the United States of America with respect to the Loan.

“Record Date” means, with respect to each Bond Payment Date, the close of business on the day preceding such Bond Payment Date, whether or not such day is a Business Day.

“Regulatory Agreement” means, collectively, the Regulatory Agreement and Declaration of Restrictive Covenants (4050 El Cajon Boulevard), the Regulatory Agreement and Declaration of Restrictive Covenants (3951 University Avenue), and the Regulatory Agreement and Declaration of Restrictive Covenants (4050 and 4102-4122 University Avenue), each dated as of February 1, 2024, between the Issuer and the Borrower, as the same may be amended, modified or supplemented from time to time.

“Requisition” means a requisition in the form of Exhibit D attached hereto required for the making of an advance from the Tax-Exempt Loan Account, Taxable Loan Account or the Equity Account of the Project Fund.

“Reserved Rights” means those certain rights of the Issuer, its officers, commissioners, other elected officials, 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 Administration 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 Owner’s covenant to comply with applicable federal tax law and State law (including the Act and the rules and policies of the Issuer), its rights to give or withhold consent 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 and the Regulatory Agreement.

“Resolution” means, the resolution of the Issuer adopted on February 13, 2024, authorizing, among other things, the execution and delivery by the Issuer of the Issuer Documents and the Bonds and the performance of its obligations thereunder.

“Revenue Fund” means the fund of that name established pursuant to Section 5.01 of this Indenture.

“S&P” means S&P Global Ratings, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, with the consent of the Borrower and the Servicer.

“Servicer” means the servicer of the Loan appointed pursuant to Section 7.11 hereof. During any other times as no servicer has been appointed pursuant to Section 7.11 hereof, all references herein and in the Loan Documents to the Servicer shall be deemed to refer to the Majority Owner.

“Servicing Agreement” means any servicing agreement entered into among the Majority Owner, the Trustee and the Servicer, as the same may be amended, modified or supplemented from time to time.

“State” means the State of California.

“Supplemental Indenture” means any indenture hereafter duly authorized and entered into between the Issuer and the Trustee in accordance with Article VIII hereof, amending, modifying or supplementing this Indenture.

“Tax and Insurance Fund” means the fund of that name established pursuant to Section 5.01 of this Indenture.

“Tax Certificate” means, collectively, the Certificate as to Arbitrage dated the Closing Date and executed by the Issuer and the Borrower and the Borrower’s Certificate Regarding Use of Proceeds dated the Closing Date and executed by the Borrower.

“Taxable Bonds” means, the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cuatro at City Heights), Series 2024C-2 (Taxable), issued and Outstanding hereunder.

“Taxable Loan” means the loan of the proceeds of the Taxable Bonds made by the Issuer to the Borrower pursuant to the Loan Agreement for the purpose of financing the acquisition, construction and development by the Borrower of the Project.

“Taxable Loan Account” means the account of that name established within the Project Fund pursuant to Section 5.01 of this Indenture.

“Taxable Note” has the meaning given to such term in the Loan Agreement.

“Taxable Rate” means a rate of interest equal to the least of (i) twelve percent (12.0%) per annum, (ii) the maximum interest rate on the Bonds permitted by law, or (iii) a rate per annum that is two percent (2%) in excess of the Prime Rate, with changes in the Taxable Rate effective concurrently with each announced change in the Prime Rate.

“Tax-Exempt Bonds” means, the Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cuatro at City Heights), Series 2024C-1, issued and Outstanding hereunder.

“Tax-Exempt Loan” means the loan of the proceeds of the Tax-Exempt Bonds made by the Issuer to the Borrower pursuant to the Loan Agreement for the purpose of financing the acquisition, construction and development by the Borrower of the Project.

“Tax-Exempt Loan Account” means the account of that name established within the Project Fund pursuant to Section 5.01 of this Indenture.

“Tax-Exempt Note” has the meaning given to such term in the Loan Agreement.

“Title Company” means Commonwealth Land Title Company.

“Trust Estate” means the trust estate pledged by the Issuer and described in the Granting Clauses of this Indenture.

“Trustee” has the meaning set forth for that term in the Recitals above, and includes any successor trustee appointed pursuant to Section 7.08.

“Trustee Expenses” means the fees and expenses of the Trustee set forth in Section 7.04 of this Indenture.

“Trustee Fee” means \$_____ per series payable annually in advance, excluding initial fees due at closing.

“Variable Rate” shall have the meaning set forth in the applicable Note.

“Variable Rate Period” means the period commencing on the Closing Date and ending on (and including) the day before the Conversion Date.

Section 1.02 Construction. In this Indenture, unless the context otherwise requires:

(a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Indenture.

(b) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms refer to this Indenture, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of adoption of this Indenture.

(c) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(d) Words importing the redemption of a Bond or the calling of a Bond for redemption do not include or connote the payment of such Bond at its stated maturity or the purchase of such Bond.

(e) References in this Indenture to particular sections of the Code, the Act or any other legislation shall be deemed to refer also to any successor sections thereto or other redesignation for codification purposes.

(f) The terms “receipt”, “received”, “recovery”, “recovered” and any similar terms, when used in this Indenture with respect to moneys or payments due the Issuer, shall be deemed to refer to the passage of physical possession and control of such moneys and payments to the Issuer, the Owners of the Bonds or the Trustee on its behalf.

ARTICLE II

REPRESENTATIONS AND COVENANTS OF THE ISSUER

Section 2.01 Representations by the Issuer. The Issuer represents and warrants to the Trustee and the Owners of the Bonds that:

(a) The Issuer is a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State.

(b) The Issuer has power and lawful authority to adopt the Resolution, to execute and deliver the Issuer Documents, to issue the Bonds and receive the proceeds of the Bonds, to apply or cause to be applied the proceeds of the Bonds to make the Loan, to assign the revenues derived and to be derived by the Issuer from the Loan to the Trustee, and to perform and observe the provisions of the Issuer Documents and the Bonds on its part to be performed and observed.

(c) The Issuer has duly authorized the execution and delivery of each of the Issuer Documents, the issuance, execution, sale and delivery of the Bonds, and the performance of the obligations of the Issuer thereunder.

(d) The Issuer makes no representation or warranty, express or implied, that the proceeds of the Bonds will be sufficient to finance the acquisition, construction and equipping of the Project or that the Project will be adequate or sufficient for the Borrower’s intended purposes.

(e) To the best of the Issuer’s knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body has been served upon the Issuer and is pending or is otherwise known to be threatened in any way affecting the existence of the Issuer, or the titles of the Issuer’s officials to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds or the application of the proceeds of the Bonds in accordance with the Indenture or the collection or application of the amounts pledged hereunder to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Issuer Documents or any action of the Issuer contemplated by any of said documents, or in any way contesting the powers of the Issuer or its authority with respect to the Issuer Documents or any action on the part of the Issuer contemplated by any of said documents, nor to its knowledge is there any basis therefor.

Section 2.02 Covenants of the Issuer. The Issuer hereby agrees with the Owners from time to time of the Bonds that, so long as the Bonds remain unpaid:

(a) The Issuer will pay or cause to be paid the principal of and the interest on the Bonds as the same become due, but solely to the extent provided in Section 10.02 hereof.

(b) The Issuer will do, execute, acknowledge, when appropriate, and deliver from time to time at the request of the Owners of the Bonds or the Trustee such further acts,

instruments, financing statements and other documents as are necessary or desirable to better assure, transfer, pledge or assign to the Trustee, and grant a security interest unto the Trustee in and to the Trust Estate and the other properties and revenues herein described and otherwise to carry out the intent and purpose of the Issuer Documents and the Bonds.

(c) The Issuer will not use or knowingly permit the use of any proceeds of the Tax-Exempt Bonds or other funds of the Issuer, directly or indirectly, in any manner, and will not take or permit to be taken any other action or actions, which would result in any of the Tax-Exempt Bonds being treated as an obligation not described in Section 142(a)(7) of the Code by reason of such Tax-Exempt Bond not meeting the requirements of Section 142(d) of the Code.

(d) The Issuer will at all times do and perform all acts and things permitted by law and this Indenture that are necessary or desirable in order to assure, and will not knowingly take any action which will adversely affect, the excludability of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes (except for any Owner that is a “substantial user” or a “related person” within the meaning of Section 147(a) of the Code).

ARTICLE III

AUTHORIZATION AND ISSUANCE OF BONDS

Section 3.01 Authorization of Bonds.

(a) There is hereby authorized, established and created an issue of Bonds of the Issuer, in two series, to be known and designated as the “Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cuatro at City Heights), Series 2024C-1” in the original aggregate principal amount of \$47,111,000 and the “Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cuatro at City Heights), Series 2024C-2 (Taxable)” in the original aggregate principal amount of \$[C-2 Amount]. No additional bonds shall be authorized or issued under this Indenture. The Bonds shall be issued for the purpose of making the Loan by depositing such amounts in the various accounts of the Project Fund established hereunder.

(b) The Bonds are hereby authorized to be issued as drawdown Bonds. The Owners of the Bonds shall fund the purchase price of the Bonds in installments, provided that the full purchase price of the Tax-Exempt Bonds will be funded prior to the funding of the Taxable Bonds. The initial installment for the purchase of the Bonds shall be in the amount of \$_____ to be advanced by the Owners of the Tax-Exempt Bonds and received by the Trustee on the Closing Date, which purchase price shall be deposited in the Tax-Exempt Loan Account of the Project Fund for application as provided in Section 5.02(c) hereof. Provided that the conditions to advance contained in the Loan Agreement are either satisfied or waived by the Servicer, the balance of the purchase price of the Bonds shall be advanced in subsequent installments by the Owners (if more than one Owner of Tax-Exempt Bonds or Taxable Bonds, respectively, pro rata based on the respective maximum face principal amounts of such Tax-Exempt Bonds or Taxable Bonds) and received by the Trustee. The purchase price of the Bonds so advanced shall be allocated to the payment, or reimbursement for the payment, of Qualified Project Costs. Upon the payment of any portion of the purchase price of the Bonds by the Owners in accordance with the terms of this Section 3.01(b), such payment shall be deposited by the Trustee into the Tax-Exempt Loan Account or Taxable Loan Account, as applicable, as designated in a corresponding funding notice received by the Trustee from the Servicer (each, a “**Funding Notice**”) and thereafter immediately applied in accordance with the corresponding

Requisition pursuant to Section 5.02 hereof. The Trustee shall maintain in its books a log that shall reflect from time to time the payment of the purchase price of Bonds by the Owners in accordance with the provisions of this Section 3.01(b). If presented to the Trustee by any Owner, amounts funded by the Owners in accordance with the provisions of this Section 3.01(b) shall be noted on Schedule A attached to the applicable Bond so presented to the Trustee. Notwithstanding any provision in Section 3.06 or Section 5.02 hereof to the contrary, (a) the Bonds shall bear interest as provided in Section 3.06 hereof upon the deposit with Trustee by the Owners of the amount of purchase price of the Bonds so paid in accordance with the provisions of this Section 3.01(b), and (b) if the Majority Owner is the sole Owner of all Bonds and, on any Interest Payment Date occurring prior to the Conversion Date, there are not sufficient funds in the Capitalized Interest Account to pay all accrued and unpaid interest then due on the Bonds, but the proceeds of the Bonds have not been fully disbursed, Majority Owner may, but shall not be required to, without the need for a Requisition signed by Borrower or delivery of a Funding Notice, directly make an advance to itself sufficient to pay such interest (and in such event, (1) Majority Owner shall automatically be deemed to have simultaneously made a payment to Trustee in such amount, on account of the balance of the purchase price of the Bonds, and (2) Trustee shall automatically be deemed to have simultaneously made an advance of the proceeds of the Bonds (and Loan) to or for the account of the Borrower). Majority Owner shall promptly give Trustee notice of any such advance made by Majority Owner to pay interest on the Bonds.

(c) From and after the earlier of (i) the Conversion Date or (ii) the date that is three years after the Closing Date, no further advances of the Loan shall occur.

Section 3.02 Conditions Precedent to Authentication and Delivery of Bonds. Prior to the initial authentication and delivery of the Bonds, the Trustee shall have received each of the following:

(a) The original executed Notes, and executed original counterparts of this Indenture, the other Issuer Documents and the Loan Documents;

(b) Confirmation from the Servicer or its counsel that the conditions to the initial purchase of Bonds contained in the Loan Agreement have been satisfied or waived by Servicer;

(c) A certified copy of the Resolution;

(d) Evidence of the payment of the initial installment of the purchase price of the Bonds and deposit of the Borrower funds required pursuant to Section 5.01(c) of this Indenture;

(e) An opinion of Bond Counsel, dated the Closing Date, substantially to the effect that the Bonds constitute legal, valid and binding obligations of the Issuer and that the interest on the Tax-Exempt Bonds is not includable in gross income of the Owners (other than an Owner who is a "substantial user" of the Project or a "related person" to a "substantial user," as defined in Section 147(a) of the Code) for federal income tax purposes;

(f) An opinion of Counsel to the Borrower addressed to the Issuer and the Trustee, in form and substance satisfactory to the Issuer; and

(g) An original investor letter executed by the initial purchaser(s) of the Bonds, in substantially the applicable form set forth in Exhibit B hereto.

Section 3.03 Registered Bonds. The Bonds shall be in fully registered form and shall be payable in accordance with the provisions hereof and of the Bonds to the Owner thereof as shown on the records maintained by the Trustee.

Section 3.04 Loss, Theft, Destruction or Mutilation of Bonds. In the event a Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate and deliver a new Bond bearing a notation indicating the principal amount outstanding, in exchange for the mutilated Bond, or in substitution for a Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the Issuer and the Trustee (i) such security or indemnity as may be required by them to save them harmless from all risks, however remote, and (ii) evidence to their satisfaction of the mutilation, destruction, loss or theft of a Bond and of the ownership thereof. Upon the issuance of a Bond upon such exchange or substitution, the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Issuer and the Trustee. In case a Bond shall become mutilated or be destroyed, lost or stolen, the Trustee may, instead of authenticating a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Issuer and the Trustee such security or indemnity as they may require to save them harmless and evidence satisfactory to them of the mutilation, destruction, loss or theft of the Bond and of the ownership thereof.

Section 3.05 Terms of Bonds – General.

(a) Registration; Denomination. The Bonds shall be issuable initially in Authorized Denominations as specified by the initial Owner. Thereafter, the Bonds shall be issuable in any Authorized Denomination required to effect transfers, exchanges or redemptions permitted or required by this Indenture. The Bonds shall be substantially in the form of Exhibit A-1 or Exhibit A-2 hereto, as applicable, with such amendments and changes as the officer executing the same shall deem appropriate.

(b) Date and Maturity. All Bonds shall be dated the Closing Date. The Bonds shall bear interest from the Closing Date until paid in full, payable for the periods, in the amounts, at the rates, and as provided in Section 3.06 hereof. The Bonds shall mature on their respective Maturity Dates, unless sooner redeemed or accelerated.

(c) Payment. The principal of and interest on the Bonds shall be payable in lawful money of the United States of America by check or draft of the Trustee. Payments of interest and of principal shall be mailed by first-class mail to the Owners of the Bonds at their addresses appearing on the records of the Trustee; provided, however, that the payment to the Servicer shall, upon written request of the Servicer, be transmitted by the Trustee by wire transfer or other means requested in writing by the Servicer. Notwithstanding anything in this Indenture to the contrary, all payments of principal and interest with respect to Bonds owned by the Majority Owner shall, at the written request of the Majority Owner, be made by wire transfer to the Majority Owner without the requirement of surrender of such Bonds under any circumstances, except upon the final maturity or payment or redemption in full of the Bonds.

Section 3.06 Interest on the Bonds.

(a) General. The cumulative principal amount of the Bonds for which installment purchase payments have been received by the Trustee shall bear interest at the

applicable rate provided below. On each Interest Payment Date, interest accrued for the previous Calculation Period shall be payable. While the Bonds bear interest at a Variable Rate, or at an Alternative Rate based on a Variable Rate, interest on the Bonds shall be computed on a 365/360-day basis (by applying the ratio of the per annum interest rate over 360, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding). While the Bonds bear interest at the Fixed Rate, or at an Alternative Rate based on the Fixed Rate, interest on the Bonds shall be computed on the basis of a 360-day year of twelve equal months of 30 days each.

(b) Variable Rate. During the Variable Rate Period, the Bonds shall bear interest at the applicable Variable Rate for such Bonds. During the Variable Rate Period, the Servicer shall determine a Variable Rate for each day. The Servicer shall give telephonic (with following written confirmation) or facsimile notice prior to, or promptly following, each Interest Payment Date to the Trustee and the Borrower of the interest payable on such Interest Payment Date. Absent manifest error, the determination of the Variable Rate by the Servicer shall be conclusive and binding upon the Owners, the Issuer, the Borrower and the Trustee.

(c) Fixed Rate. During the Fixed Rate Period, the Tax-Exempt Bonds shall bear interest at the Fixed Rate. Not less than thirty (30) days prior to the Conversion Date, the Trustee shall provide notice by first-class mail, postage prepaid, to all Owners, unless Majority Owner is sole Owner (with a copy to the Issuer and the Borrower), at their addresses shown on the bond register providing that the interest rate on the Tax-Exempt Bonds will be converted to the Fixed Rate effective on the Conversion Date. Failure to mail any such notice or any defect in the mailing thereof in respect of any Tax-Exempt Bond shall not affect the validity of the conversion of the interest rate with respect to any Bond.

(d) Reserved.

(e) Alternative Rate. Following the occurrence of an Event of Default under the Loan Agreement or an Event of Default under this Indenture, the Bonds shall bear interest at the Alternative Rate.

(f) Taxable Rate. If an Initial Notification of Taxability shall occur, the Tax-Exempt Bonds shall bear interest from the date of such Initial Notification of Taxability at the Taxable Rate. If such Initial Notification of Taxability is reversed by the Internal Revenue Service or a court of competent jurisdiction and a Determination of Taxability has not occurred, then the Tax-Exempt Bonds shall bear interest from the date of such reversal at the rate applicable to the Tax-Exempt Bonds prior to the Initial Notification of Taxability and the Bank shall refund to the Borrower on or prior to the next succeeding Bond Payment Date, the excess interest previously paid. This provision shall survive the discharge of this Indenture.

(g) Additional Interest. The Owners of the Bonds shall also be entitled to Additional Interest, which amount, if any, shall be deposited in the Revenue Fund pursuant to the provisions of Section 25(v) of the Loan Agreement.

(h) Maximum Rate. In no event shall interest accrue on the Bonds at a rate greater than the Maximum Rate.

(i) Usury. Notwithstanding any provision of this Indenture to the contrary, in no event shall the interest contracted for, charged or received in connection with the Bonds (including any other costs or considerations that constitute interest under the laws of the State

which are contracted for, charged or received pursuant to this Indenture) exceed the maximum rate of nonusurious interest allowed under the laws of the State as presently in effect and to the extent of any increase allowable by such laws. To the extent permitted by law, interest contracted for, charged or received on the Bonds shall be allocated over the entire term of the Bonds, to the end that interest paid on the Bonds does not exceed the maximum amount permitted to be paid thereon by law. Excess interest, if any, provided for in this Indenture, or otherwise, shall be canceled automatically as of the date of such acceleration or, if theretofore paid, shall be credited as principal paid on the Bonds.

Section 3.07 Payment of Interest on the Bonds. Interest on the Bonds shall be payable in the following manner: commencing the first day of the first month after the month in which the Closing Date occurs and continuing on each Interest Payment Date thereafter, interest on the Outstanding principal balance of the Bonds (which amount shall reflect so much of the purchase price as shall have been paid pursuant to Section 3.01(b) hereof) at the applicable interest rate for the Bonds shall be due and payable in arrears; and all accrued and unpaid interest (including any Additional Interest) shall be due and payable in full on the Maturity Date, if not paid earlier. To the extent more than one Bond is issued and Outstanding at any one time under the terms of this Indenture, payments of principal, interest and premium (if any) on the Bonds shall be made in a pro rata manner based on the Outstanding principal amount of the Bonds.

Section 3.08 Execution and Authentication of Bonds.

(a) The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of an Authorized Representative of the Issuer.

(b) In case any officer of the Issuer whose signature or facsimile signature shall appear on any of the Bonds shall cease to be such officer before the Bonds so signed shall have been actually delivered, such Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the persons who signed such Bonds had not ceased to hold such offices or be so employed. Any Bond may be signed on behalf of the Issuer by such persons as, at the actual time of the execution of such Bond, shall be duly authorized or hold the proper office in or employment by the Issuer, although at the date of the Bonds such persons may not have been so authorized nor have held such office or employment.

(c) No Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit under this Indenture unless there shall be endorsed on such Bond a certificate of authentication in the form set forth in such Bond duly executed by the Trustee, by the manual signature of an authorized signatory thereof, and such certificate of the Trustee upon any Bond executed on behalf of the Issuer shall be conclusive evidence that the Bond so authenticated has been duly issued under this Indenture and that the Owner thereof is entitled to the benefits of this Indenture.

Section 3.09 Negotiability, Transfer and Registry of Bonds.

(a) All the Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. So long as this Indenture remains in force, the Trustee, as registrar, shall maintain and keep books for the recordation of the taxpayer identification number of each of the Owners of the Bonds and the registration, transfer and exchange of Bonds. Each Bond shall be transferable only upon the books of registration. The Trustee is hereby appointed registrar, to act as agent of the Issuer for the registration and transfer of Bonds and the maintenance of the books of registration. The

Issuer may appoint a successor registrar upon notice by mail to the Trustee and the Owners of the Bonds.

(b) Upon a partial redemption of the Bonds, the Issuer shall execute and the Trustee shall authenticate and deliver new certificates representing the unredeemed portion of the Bonds to be so tendered or redeemed in part, in exchange for the certificates representing the Bonds to be so tendered or redeemed in part. If a Bond shall be transferred in part, such Bond shall be delivered to the registrar, and the Trustee shall, on behalf of the Issuer, deliver two Bonds in replacement therefor, having the same maturity and interest provisions and in the same aggregate principal amount as the Bond so delivered.

(c) Upon surrender of the Bonds at the Principal Office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the Owner or his attorney duly authorized in writing, such Bonds may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Bonds in Authorized Denominations.

(d) The Owner of the Bond shall bear all costs in connection with any transfer or exchange of Bonds, including the actual and reasonable fees and expenses of the Issuer, Bond Counsel and the Trustee and of any required indemnity for the Issuer and the Trustee; provided that the costs of any tax or other governmental charge imposed upon such transfer or exchange shall be borne by the Owner of the Bond.

(e) Bonds shall be transferred upon presentation and surrender thereof at the Principal Office of the Trustee by the Owner thereof or his attorney duly authorized in writing with due endorsement for transfer or accompanied by a written instrument of transfer in form satisfactory to the Trustee. All Bonds surrendered in any exchanges or transfers shall forthwith be canceled. For every such exchange or transfer of Bonds, there shall be made a charge sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be obligated to (i) authenticate, exchange or transfer any Bond during a period beginning at the opening of business on any Record Date and ending at the close of business on the next succeeding Interest Payment Date, (ii) authenticate, exchange or transfer any Bond during a period beginning at the opening of business 15 days next preceding any selection of Bonds to be redeemed and ending at the close of business on the date of the first giving of notice of such redemption, or (iii) transfer or exchange any Bonds called or being called for redemption in whole or in part.

(f) Notwithstanding anything contained to the contrary herein, the Bonds may be transferred in whole or in part by any Owner only as follows:

(1) To any subsidiary of any Owner, any Affiliate of any Owner, any entity arising out of any merger or consolidation of any Owner, or a trustee in bankruptcy of any Owner;

(2) To any institutional Accredited Investor or any Qualified Institutional Buyer; or

(3) To any trust or custodial arrangement each of the beneficial owners of which is required to be an institutional Accredited Investor or Qualified Institutional Buyer.

Any transfer of Bonds described in clauses (2) or (3) of this Section 3.09(f) shall be conditioned upon delivery by the proposed transferee to the Trustee of an investor letter in substantially the form set forth in Exhibit B hereto. Except for such transfers as are permitted under Section 3.09(g) below, prior to the Conversion Date there shall be not more than one (1) Owner of the Bonds at any one time without the prior written consent of the Issuer. Except for such transfers as are permitted under Section 3.09(g) below, on and after the Conversion Date there shall be not more than five (5) Owners of the Bonds at any one time without the prior written consent of the Issuer.

(g) In addition to any transfer permitted by Section 3.09(f), the Bonds may be transferred, in whole or in part, while in the Fixed Rate Period, to one or more Owners that are Qualified Institutional Buyers upon receipt by the Issuer, each Owner making such transfer, and the Trustee of (i) any disclosure document that is prepared in connection with such transfer of any Bond, (ii) evidence that each such Bond is rated “A” or better by one of S&P or Moody’s, and (iii) an opinion of Counsel to the effect that (A) the exemption of the Bonds or any securities evidenced thereby from the registration requirements of the Securities Act of 1933, as amended, and the exemption of this Indenture from qualification under the Trust Indenture Act of 1939, as amended, will not be impaired as a result of such transfer, and (B) such transfer will not adversely affect the exclusion of interest accrued on the Tax-Exempt Bonds from gross income of the Owners thereof (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) for federal income tax purposes.

(h) Notwithstanding the foregoing provisions of this Section 3.09, an owner of the Bonds may, in its discretion (and without the consent of the Issuer), sell participation interests in the Bonds that it owns, so long as: (i) any such sale is only made to an affiliate of the Owner, to a Qualified Institutional Buyer or to an institutional Accredited Investor; (ii) the document or documents relating to the sale contain a provision to the effect that the buyer understands that it has no rights whatsoever against the Issuer in respect of any such interest in any Bond, with the Issuer’s obligations hereunder and under the Bonds being only to the registered owner of the applicable Bond; and (iii) such sale shall be conditioned upon the delivery by the proposed purchaser of such participation to the Trustee of an investor letter substantially in the form set forth in Exhibit B hereto; provided, however, that in no event shall the aggregate number of Owners and owners of a participation interest in the Bonds exceed 5 at any time. The Owner of the Bonds in which a participation is sold shall indemnify and hold harmless the Issuer from any claim or action whatsoever against the Issuer in any way related to the Bonds, this Indenture or the Loan Documents brought by any entity to which it sold an interest in the Bonds.

Section 3.10 Ownership of Bonds. The Issuer, the Trustee and any other Person may treat the registered owner of any Bond as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or redemption price of and interest on such Bond and for all other purposes whatsoever, and payment of the principal or redemption price, if any, of and interest on any such Bond shall be made only to, or upon the order of, such registered owner. All such payments to such registered owner shall be valid and effectual to satisfy and discharge the liability of the Issuer upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor any Trustee shall be affected by any notice to the contrary.

Section 3.11 Payments on Bonds Due on Non-Business Days. In any case where any Bond Payment Date shall be a day other than a Business Day, then payment of the Bonds need not be made on such date but may be made on the next succeeding Business Day with the

same force and effect as if made on the Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Section 3.12 Registration of Bonds in the Book-Entry Only System.

(a) Notwithstanding any provision herein to the contrary, the provisions of this Section 3.12 and the Representation Letter (as defined below) shall apply with respect to any Bond registered to Cede & Co. or any other nominee of The Depository Trust Company (“DTC”) while the Book-Entry Only System (meaning the system of registration described in paragraph (b) of this Section 3.12) is in effect. The Book-Entry Only System shall become effective thirty (30) days after the Owners of all the Bonds provide notice in writing to the Trustee, the Borrower, and the Issuer, subject to the provisions below concerning termination of the Book-Entry Only System. Until all of the Owners of the Bonds provide such notice, the Book-Entry Only System shall not be in effect. In addition, the Bonds shall not be held in a Book-Entry Only System unless the Issuer and the Trustee shall have received written evidence that the Bonds are rated “A” or better by one of S&P or Moody’s.

(b) Upon the effectiveness of the Book-Entry Only System, the Issuer shall execute and deliver, and the Trustee shall transfer and exchange Bond certificates for a separate single authenticated fully registered Bond for each stated maturity in substantially the form provided for in Exhibit A hereto. Any legend required to be on the Bonds by DTC may be added by the Trustee. On the date of delivery thereof, the Bonds shall be registered in the registry books of the Trustee in the name of Cede & Co., as nominee of DTC as agent for the Issuer in maintaining the Book-Entry Only System. With respect to Bonds registered in the registry books kept by the Trustee in the name of Cede & Co., as nominee of DTC, the Issuer, the Borrower, and the Trustee shall have no responsibility or obligation to any Participant (which means securities brokers and dealers, banks, trust companies, clearing corporations and various other entities, some of whom or their representatives own DTC) or to any Beneficial Owner (which means, when used with reference to the Book-Entry Only System, the Person who is considered the Beneficial Owner of the Bonds pursuant to the arrangements for book entry determination of ownership applicable to DTC) with respect to the following: (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to or from any Participant, any Beneficial Owner or any other Person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption or tender (whether mandatory or optional), or (iii) the payment to any Participant, any Beneficial Owner or any other Person, other than DTC, of any amount with respect to the principal or premium, if any, or interest on the Bonds. The Trustee shall pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of DTC, and all such payments shall be valid and effective fully to satisfy and discharge the Issuer’s obligations with respect to the principal of any premium, if any, and interest on Bonds to the extent of the sum or sums so paid. No Person other than DTC or its agent shall be entitled to receive an authenticated Bond evidencing the obligation of the Issuer to make payments of principal and premium, if any, and interest pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the words “Cede & Co.” in this Indenture shall refer to such new nominee of DTC.

(c) Upon receipt by the Trustee of written notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities, the Issuer shall issue and the Trustee shall transfer and exchange Bonds as requested by DTC in appropriate amounts and in authorized denominations, and whenever DTC requests the Issuer and the Trustee to do so, the Trustee and the Issuer will, at the expense of the Borrower, cooperate with DTC in taking

appropriate action after reasonable notice (i) to arrange for a substitute bond depository willing and able upon reasonable and customary terms to maintain custody of the Bonds or (ii) to make available for transfer and exchange Bonds registered in whatever name or names and in whatever authorized denominations as DTC shall designate.

(d) In the event the Beneficial Owners subsequently determine that the Beneficial Owners should be able to obtain Bond certificates, the Beneficial Owners may so notify DTC and the Trustee, whereupon DTC will notify the Participants of the availability through DTC of Bond certificates. In such event, the Issuer shall issue and the Trustee shall, at the expense of the Beneficial Owners, transfer and exchange Bond certificates as requested by DTC in appropriate amounts and in authorized denominations. Whenever DTC requests the Trustee to do so, the Trustee will, at the expense of the Beneficial Owners, cooperate with DTC in taking appropriate action after reasonable notice to make available for transfer and exchange Bonds registered in whatever name or names and in whatever authorized denominations as DTC shall designate.

(e) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Letter of Representation to be delivered by the Borrower and the Trustee to DTC.

(f) Notwithstanding any provision herein to the contrary, so long as the Bonds outstanding are held in the Book-Entry Only System, if less than all of such Bonds of a maturity are to be redeemed upon any redemption of Bonds hereunder, the particular Bonds or portions of Bonds to be redeemed shall be selected by DTC in such manner as DTC may determine.

(g) So long as the Book-Entry Only System is in effect, a Beneficial Owner who elects to have its Bonds purchased pursuant to Section 3.09 of this Indenture shall effect delivery by causing a Participant to transfer the Beneficial Owner's interest in the Bonds pursuant to the Book-Entry Only System. The requirement for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred in accordance with the Book-Entry Only System.

Section 3.13 Recycling Transactions.

Notwithstanding any provision of this Indenture or the Loan Agreement to the contrary, the Issuer shall be permitted to direct Tax-Exempt Note prepayments to be transferred to a custodian or trustee selected by the Issuer, in lieu of application to prepay a like portion of the Tax-Exempt Bonds, so long as the Issuer simultaneously causes other funds to be applied to prepay such portion of the Tax-Exempt Bonds. The preceding provisions shall apply only for purposes of preserving or "recycling" private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01 Mandatory Redemption. The Bonds shall be subject to mandatory redemption, and shall be redeemed prior to maturity, as follows:

(a) In whole or in part on the first Interest Payment Date for which notice can be given in accordance with this Indenture after the Conversion Date to the extent of excess funds on deposit on such date in the Tax-Exempt Loan Account, determined as provided in Section 5.03 of this Indenture; or

(b) In whole or in part on the first Interest Payment Date for which notice can be given in accordance with this Indenture after and to the extent that Insurance Proceeds or a Condemnation Award in connection with the Project are deposited in the Insurance and Condemnation Account of the Project Fund and are not to be used to repair or restore the Project (which unused Condemnation Award or Insurance Proceeds shall be applied to the redemption of Bonds, unless all of the Owners shall have approved a proposed alternative application of such funds and the Trustee and the Servicer shall have received an opinion of Bond Counsel to the effect that such proposed alternative application of such funds will not adversely affect the exclusion of the interest on the Tax-Exempt Bonds from gross income of Owners (other than an Owner who is a "substantial user" of the Project or a "related person" to a "substantial user," as defined in Section 147(a) of the Code); or

(c) As to the Tax-Exempt Bonds, in whole on the first Interest Payment Date for which notice can be given to the Owners in accordance with Section 4.05 of this Indenture following receipt by the Trustee of notice from the Servicer demanding such redemption, following a Determination of Taxability; or

(d) On the Conversion Date, as to the Taxable Bonds, in an amount sufficient to redeem in full all Outstanding Taxable bonds, and as to the Tax-Exempt Bonds, in an amount sufficient to reduce the aggregate principal amount of Outstanding Tax-Exempt Bonds to \$ _____; or

(e) (i) As to the Tax-Exempt Bonds, on the Interim Construction Loan Maturity Date in the amount (if any), in excess of the amount required pursuant to Section 4.01(d), that is necessary in order to achieve compliance with any Condition to Conversion related to achievement of a specified debt service coverage ratio; or (ii) on the Interim Construction Loan Maturity Date, if the Conditions to Conversion are not satisfied prior to the Interim Construction Loan Maturity Date, in an amount sufficient to redeem, in full, all outstanding Bonds; or

(f) Reserved; or

(g) As to the Tax-Exempt Bonds, in part on the first day of each calendar month as set forth in Exhibit C to this Indenture (as it may be amended from time to time in accordance with Section 4.07(b)), in the amount set forth opposite such date in Exhibit C; or

(h) In whole, following receipt by the Trustee of notice from the Servicer stating that an Event of Default has occurred under the Loan Agreement and demanding redemption of the Bonds, on any date selected by the Servicer, specified in a notice in writing delivered to the Borrower at least ten (10) days prior to such date.

Section 4.02 Redemption Price of Bonds Redeemed Pursuant to Mandatory Redemption. Any Bonds being redeemed before maturity in accordance with Section 4.01 of this Indenture shall be redeemed at a redemption price equal to the principal amount of the Bonds being redeemed, together with accrued interest to the date of redemption, plus (a) if applicable, the Prepayment Equalization Payment, if redemption is under Section 4.01(a), (b), (c), (e) or (h), and (b) Additional Interest, if redemption is under Section 4.01(c).

Section 4.03 Optional Redemption. The Bonds shall be subject to redemption from the proceeds of an optional prepayment of the Loan by the Borrower in whole or in part, on any Interest Payment Date, at a redemption price equal to the principal amount thereof, together with accrued interest to the date of redemption, plus any applicable Prepayment Equalization Payment; provided, however, that the Borrower may notify the Trustee and Servicer in writing at least fifteen (15) Business Days prior to the date fixed for redemption that such optional prepayment relates only to the Taxable Note and be applied solely to redeem the Taxable Bonds.

Section 4.04 Reserved.

Section 4.05 Notice of Redemption.

(a) Notice of redemption shall be given by the Trustee to the Owners and Borrower by facsimile transmission or other similar electronic means of communication, promptly confirmed in writing, not less than ten (10) Business Days prior to the date fixed for redemption; provided, however, that no notice of redemption shall be required to be given to the Owners for a redemption pursuant to Section 4.01(d), (e) and (g) of this Indenture or during such time as there is a single Owner of all the Bonds, and no notice of redemption shall be required to be given to the Owners in any event for a redemption. Receipt of such notice of redemption shall not be a condition precedent to such redemption, and failure to so notify any of such registered Owners shall not affect the validity of the proceedings for the redemption of the Bonds.

(b) Notice of redemption having been given as provided in subsection (a) of this Section 4.05 and all conditions precedent, if any, specified in such notice having been satisfied, the Bonds or portions thereof so to be redeemed shall become due and payable on the date fixed for redemption at the redemption price specified therein plus any accrued interest to the redemption date, and upon presentation and surrender thereof at the place specified in such notice, such Bonds or portions thereof shall be paid at the redemption price, plus any accrued interest to the redemption date. On and after the redemption date (unless funds for the payment of the redemption price and accrued interest shall not have been provided to the Trustee), (i) such Bonds shall cease to bear interest and (ii) such Bonds shall no longer be considered as Outstanding under this Indenture.

Section 4.06 Selection of Bonds to Be Redeemed.

(a) Except as otherwise expressly set forth herein, if less than all the Bonds are to be redeemed, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Trustee, in such manner as the Trustee in its sole discretion may deem fair and appropriate so that Bonds are redeemed, as nearly as practicable, from each Owner, if there is more than one Owner, on a pro rata basis according to the principal amount of Bonds represented by each Bond Outstanding.

(b) In making such selection, the Trustee may treat each Bond to be redeemed as representing that number of Bonds of the lowest Authorized Denomination as is obtained by dividing the principal amount of such Bond by such Authorized Denomination.

Section 4.07 Partial Redemption of Registered Bonds.

(a) In case part but not all of a Bond shall be selected for redemption, upon presentation and surrender at the Principal Office of the Trustee of such Bond by the Owner thereof or his attorney duly authorized in writing (with due endorsement for transfer or accompanied by a written instrument of transfer in form satisfactory to the Trustee), the Issuer shall execute and the Trustee shall authenticate and deliver to or upon the order of such Owner, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds, at the option of such Owner, of any Authorized Denomination of like tenor, or if less than the minimum Authorized Denomination, an amount necessary to equal the unredeemed portion of the principal amount of the Bond; provided, however, that such surrender of Bonds shall not be required for payment of the redemption price pursuant to Section 4.01(d) hereof. For all purposes of this Indenture (including exchange and transfer), the Bond so issued in less than a minimum Authorized Denomination shall be deemed to have been issued in an Authorized Denomination. Bonds so presented and surrendered shall be canceled in accordance with this Indenture.

(b) In the event of a partial redemption of Bonds other than pursuant to Section 4.01(e) of this Indenture or any failure of all of the Bonds authorized hereunder to be purchased through the “drawdown” mechanism pursuant to Section 3.01(b) through the Conversion Date, the mandatory sinking fund schedule set forth on the schedule attached as Exhibit C to this Indenture (as it may have been previously adjusted in accordance with this Section 4.07(b)) shall be adjusted to provide for approximately equal monthly payments of principal and interest at the applicable rate hereunder (taking into account minimum denominations of the Bonds) on the Bonds remaining Outstanding after taking into account such partial redemption; the Servicer shall provide the Trustee with a new schedule reflecting such adjustment.

ARTICLE V

ESTABLISHMENT OF CERTAIN FUNDS AND ACCOUNTS, APPLICATION THEREOF AND SECURITY THEREFOR

Section 5.01 Establishment of Funds and Accounts; Application of Proceeds of the Bonds; and Other Amounts.

(a) The following Funds and Accounts are hereby created and established as special trust funds:

- (i) the Project Fund, consisting of:
 - (A) the Tax-Exempt Loan Account;
 - (B) the Taxable Loan Account;
 - (C) the Costs of Issuance Account;

- (D) the Insurance and Condemnation Proceeds Account;
- (E) the Equity Account of Project Fund – Cuatro at City Heights LP (the “**Equity Account**”); and
- (F) the Capitalized Interest Account;
- (ii) the Tax and Insurance Fund;
- (iii) the Revenue Fund;
- (iv) the Rebate Fund; and
- (v) the Expense Fund

(b) All the Funds and Accounts created by subsection (a) of this Section 5.01 shall be held by the Trustee in trust for application only in accordance with the provisions of this Indenture.

(c) The initial installment for the sale of the Tax-Exempt Bonds (being \$ _____) shall be applied as follows:

(i) \$ _____, representing the initial installment of the proceeds of the sale of the Tax-Exempt Bonds, shall be deposited in the Tax-Exempt Loan Account of the Project Fund; and

(ii) \$0, representing the Borrower Contribution, shall be deposited in the Costs of Issuance Account of the Project Fund; and

(iii) \$0 shall be deposited in the Equity Account of the Project Fund.

Section 5.02 Project Fund.

(a) Deposit of Moneys. The amounts specified in Section 5.01(c) shall be deposited in the Tax-Exempt Loan Account, the Costs of Issuance Account and the Equity Account of the Project Fund, as applicable. The Tax-Exempt Loan Account of the Project Fund shall be funded from time to time as and when installments of the purchase price of the Tax-Exempt Bonds are paid by the Owners pursuant to Section 3.01(b) hereof. The Taxable Loan Account of the Project Fund shall be funded from time to time as and when installments of the purchase price of the Taxable Bonds are paid by the Owners pursuant to Section 3.01(b) hereof. Additional capitalized interest deposited by the Borrower in connection with any extension of the Completion Date shall be deposited in the Capitalized Interest Account of the Project Fund upon written direction of the Borrower (or at the requirement of Bank under the terms of the Note). Any amounts received by the Trustee from the Guarantor upon written direction from the Guarantor, and any amounts received by the Trustee from the Borrower, upon written direction from the Borrower, in response to demands by the Servicer for, or requirements for, deposits of Borrower’s funds (including capital contributions) shall be deposited in the Equity Account of the Project Fund. All Condemnation Awards and Insurance Proceeds shall be deposited in the Insurance and Condemnation Proceeds Account of the Project Fund upon written direction from the Servicer. Any other funds directed by the Issuer, the Servicer or the Borrower to be deposited in the Project

Fund that are not required to be otherwise deposited or disbursed shall be so deposited by the Trustee upon receipt of funds and such direction.

On or following the Closing Date, upon receipt by the Trustee of amounts from the title escrow established with the Title Company representing amounts contributed by the Borrower (as reflected in the settlement statement), the Trustee shall deposit \$5,000 of such amounts into the Costs of Issuance Account of the Project Fund for payment of the fee of the California Debt and Investment Advisory Commission (the "**CDIAC Fee**") and, then, deposit any excess into the Equity Account of the Project Fund.

(b) Use of Moneys.

(i) Tax-Exempt Loan Account, Taxable Loan Account and Equity Account. The Trustee shall make payments from the Tax-Exempt Loan Account for the purpose of paying the Qualified Project Costs. The Trustee shall make payments from the Taxable Loan Account or Equity Account to pay (A) all costs of acquisition, construction, and equipping of the Project other than Qualified Project Costs and (B) to the extent amounts on deposit in the Tax-Exempt Loan Account are insufficient for such purposes, all Qualified Project Costs. Disbursements from the Tax-Exempt Loan Account, Taxable Loan Account and the Equity Account shall be made by the Trustee upon receipt of a Requisition, executed by an Authorized Representative of the Borrower and approved by an Authorized Representative of the Servicer. On the Closing Date, the Trustee will disburse the initial installment for the purchase of the Bonds deposited in accordance with Section 5.02(c)(i) of this Indenture from the Tax-Exempt Loan Account of the Project Fund to the title escrow established by the Title Company for the Project, with wiring instructions specified in the funding memorandum.

(ii) Costs of Issuance Account. Amounts in the Costs of Issuance Account shall be disbursed by the Trustee on the Closing Date and thereafter only to pay costs of issuance of the Bonds pursuant to a closing statement signed by the Borrower and the Servicer identifying the amount to be paid and the payee. Amounts remaining in the Costs of Issuance Account (including investment proceeds) after the payment of all costs of issuance, and in any event not later than sixty (60) days following the Closing Date, shall be transferred to the Equity Account of the Project Fund. The Costs of Issuance Account shall be closed thereafter.

Upon receipt of an invoice for the CDIAC Fee, the Trustee shall pay such fee from the Costs of Issuance Account.

(iii) Insurance and Condemnation Proceeds Account. The Trustee shall make all disbursements from the Insurance and Condemnation Proceeds Account only upon the receipt by the Trustee of the written request of the Borrower accompanied by the written approval of the Servicer and in accordance with the provisions of Section 5.04 hereof.

(iv) Acceleration. Upon the occurrence and continuation of an Event of Default hereunder and an acceleration of the Bonds pursuant thereto, all moneys and investments in the Project Fund shall be transferred to the Revenue Fund and applied to the payment of the Bonds.

(c) Requisitions. The Trustee may rely fully on the representations of the Borrower contained in any Requisition, and upon the written approval of the Servicer set forth on any Requisition, delivered pursuant to the Loan Agreement and this Indenture, and shall not be required to make any investigation or inspection of the Project in connection therewith.

Section 5.03 Use of Moneys Following Conversion. Moneys (including investment proceeds but net of amounts that the Trustee is directed by a written instruction from the Servicer to retain to pay Qualified Project Costs (i) incurred but not then due and payable or (ii) allocated to construction contingency, marketing or operating expenses after the Conversion Date) held in the Tax-Exempt Loan Account shall be transferred immediately after the Conversion Date to the Revenue Fund for application to the redemption of Tax-Exempt Bonds, respectively, pursuant to Section 4.01(a) of this Indenture. Moneys held in the Equity Account shall be released to or upon the order of the Borrower when the Servicer has notified the Trustee that all of the following conditions have been satisfied or waived by the Servicer: (i) the Borrower has obtained, and applied to costs of the Project in accordance with the requirements of the Loan Agreement, all funds required to be paid by the Borrower pursuant to the Loan Agreement; and (ii) Conversion has occurred.

Section 5.04 Condemnation Awards and Insurance Proceeds.

(a) Moneys representing a Condemnation Award or Insurance Proceeds shall be deposited into the Insurance and Condemnation Proceeds Account of the Project Fund upon Trustee's receipt of a written instruction, and notice of such deposit thereof shall be given by the Trustee to the Servicer.

(b) To the extent there has been a determination pursuant to the Loan Documents to restore the Project, such Condemnation Award or Insurance Proceeds as have been approved for disbursement by the Servicer shall be disbursed by the Trustee to or for the account of the Borrower upon receipt of a written instruction, in accordance with terms, conditions and procedures specified by the Servicer, for application by the Borrower for such purposes in accordance with the provisions of the Loan Documents.

(c) In the event there is a determination pursuant to the Loan Documents not to restore the Project, such Condemnation Award or Insurance Proceeds shall be either (i) transferred to the Revenue Fund and applied to the redemption of Bonds in accordance with Section 4.01(b) hereof, or (ii) released to the Borrower if the Borrower obtains, and delivers to the Trustee, Issuer and Servicer, an opinion of Bond Counsel that such release will not affect the excludability of the interest on the Tax-Exempt Bonds from gross income of Owners (other than an Owner who is a "substantial user" of the Project or a "related person" to a "substantial user," as defined in Section 147(a) of the Code) for federal income tax purposes, all in accordance with written direction of the Servicer to the Trustee and subject to the provisions of the Loan Documents.

Section 5.05 Reserved.

Section 5.06 Tax and Insurance Fund. There shall be deposited in the Tax and Insurance Fund all moneys received for such purpose by the Trustee from the Borrower pursuant to 4(g) of the Loan Agreement or transferred pursuant to Section 5.07 of this Indenture, as specified in a written direction provided to the Trustee. Moneys in the Tax and Insurance Fund shall be applied to payment of real estate taxes and insurance premiums, as the same become due in accordance with bills for such taxes and insurance premiums. If the Trustee becomes aware at any time that amounts in the Tax and Insurance Fund are or will be insufficient to pay such taxes and insurance premiums as they become due, the Trustee shall promptly give notice of such insufficiency to Borrower and the Servicer. Upon the occurrence and continuation of an Event of Default hereunder and an acceleration of the Bonds pursuant hereto, all moneys and investment in the Tax and Insurance Fund (other than moneys held to pay costs required to be

paid but not yet payable) shall be transferred to the Revenue Fund and applied to the payment of the Bonds. Upon the payment in full of the Bonds and the fees and expenses of the Issuer, the Majority Owner, the Servicer and the Trustee, and upon payment of amounts payable to the United States pursuant to Section 5.08 hereof, any amounts remaining in the Tax and Insurance Fund shall be paid to the Borrower as soon as practicable upon its written request therefor.

Section 5.07 Revenue Fund.

(a) There shall be deposited in the Revenue Fund all amounts transferred from the Project Fund or received from the Borrower pursuant to Section 4 of the Loan Agreement (except for amounts required to be deposited into the Expense Fund pursuant to Section 5.09) with respect to the Loan Documents or from the Guarantor under the Guaranty, including payments of interest and principal and voluntary and involuntary prepayments of the Loan and investment earnings on investments held in the Funds and Accounts created by this Indenture (except as otherwise provided in Section 5.08 and Section 5.11).

(b) Amounts in the Revenue Fund shall be applied to the following items in the following order of priority:

(i) On each Interest Payment Date, to the payment of interest on the Bonds;

(ii) On each Bond Payment Date, to the payment of the principal of or redemption price of, interest on, and any Prepayment Equalization Payment or Additional Interest due with respect to, the Bonds;

(iii) On the first day of each month, to be deposited in the Tax and Insurance Fund for any payment due from the Tax and Insurance Fund;

(iv) On the first day of each month, to the payment of the fees of the Trustee, the Majority Owner and the Servicer, if any upon receipt of a written direction from the Borrower or Servicer, due and owing under the Loan Documents and this Indenture;

(v) On the first day of each month, to the payment of any other amounts then due and owing under the Loan Documents upon receipt of a written direction from the Borrower or Servicer; and

(vi) On the first day of each month, to the Borrower or such other party as may be legally entitled thereto, upon a written direction from the Borrower.

(c) Upon the payment in full of the Bonds and the fees and expenses of the Issuer and the Trustee and the payment of amounts payable to the United States pursuant to Section 5.08 hereof, any amounts remaining in the Revenue Fund (except amounts held for future payment to the United States pursuant to Section 5.08 hereof) shall be paid to the Borrower.

Section 5.08 Rebate Fund.

(a) The Rebate Fund shall be held and applied as provided in this Section 5.08. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment, to the extent required under the Code and as calculated by the Rebate Analyst, for payment to the United States Government. None of the Issuer, the Borrower or the

Owners 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.

(b) The Trustee shall make information regarding the Bonds and the investments hereunder available to the Borrower promptly upon written request, shall make deposits to and disbursements from the Rebate Fund in accordance with the directions received from the Authorized Representative of the Borrower, shall invest moneys in the Rebate Fund pursuant to said directions and shall deposit income from such investments pursuant to said directions, and shall make payments to the United States of America in accordance with written directions received from the Borrower.

(c) Notwithstanding any provision of this Indenture to the contrary, the Trustee shall not be liable or responsible for any calculation or determination that may be required in connection with or for the purpose of complying with Section 148 of the Code or any applicable Treasury regulation (the “**Arbitrage Rules**”), including, without limitation, the calculation of amounts required to be paid to the United States under the provisions of the Arbitrage Rules and the fair market value of any investment made hereunder, it being understood and agreed that the sole obligation of the Trustee with respect to investments of funds hereunder shall be to invest the moneys received by the Trustee pursuant to the written instructions of the Authorized Representative of the Borrower given in accordance with paragraph (b) of this Section 5.08. The Trustee shall have no responsibility for determining whether or not the investments made pursuant to the direction of the Borrower or any of the instructions received by the Trustee under this Section comply with the requirements of the Arbitrage Rules and shall have no responsibility for monitoring the obligations of the Borrower or the Issuer for compliance with the provisions of the Indenture with respect to the Arbitrage Rules.

(d) Notwithstanding any provision of this Indenture to the contrary, the obligation to remit payment of the rebate amount to the United States and to comply with all other requirements of this Section 5.08 shall survive the defeasance or payment in full of the Tax-Exempt Bonds.

(e) Any funds remaining in the Rebate Fund after redemption and payment of all of the Tax-Exempt Bonds and payment and satisfaction of any Rebate Requirement, or provision made therefor satisfactory to the Trustee, shall be withdrawn and remitted to the Borrower.

(f) The Trustee shall keep and make available to the Borrower such records concerning the investments of the gross proceeds of the Bonds and the investments of earnings from those investments 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.

(g) Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this Section 5.08 need not be made if there shall have been delivered to the Trustee, the Issuer and the Servicer an opinion of Bond Counsel to the effect that such withdrawal and payment are not necessary in order to establish or maintain the exclusion from gross income of Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) of interest on the Tax-Exempt Bonds. In the event Bond Counsel so opines, the moneys on deposit in the Rebate Fund shall be applied to such purpose as the Borrower shall direct provided that the Borrower shall deliver to the Issuer, the Trustee and the Servicer an opinion of Bond Counsel to

the effect that such application will not adversely affect the exclusion from gross income of Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) of interest on the Tax-Exempt Bonds for purposes of federal income taxation.

Section 5.09 Expense Fund.

(a) The Trustee shall deposit into the Expense Fund the amounts required by the Regulatory Agreement or the Loan Agreement to be paid by the Borrower to the Issuer or the Trustee. Amounts on deposit in the Expense Fund shall be used to pay the fees and expenses of the Issuer, as and when the same become due. In that regard, moneys in the Expense Fund shall be withdrawn or maintained, as appropriate, by the Trustee to pay (i) on behalf of the Borrower, the Authority Fee pursuant to Section 17 of the Regulatory Agreement to the Issuer as and when due, and (ii) upon receipt, to, or at the direction of, the Issuer, any amounts owing the Issuer by the Borrower and then due and unpaid, other than amounts paid in accordance with clause (i) hereof.

(b) In the event that the amounts on deposit in the Expense Fund are not equal to the amounts payable from the Expense Fund as provided in paragraph (a) of this Section 5.09 on any date on which such amounts are due and payable, the Trustee shall give notice to the Borrower of such deficiency and of the amount of such deficiency and request payment within two Business Days to the Trustee of the amount of such deficiency.

(c) Written notice of any insufficiency, which results in the Issuer not receiving the Authority Fee on the applicable due date, shall be provided by the Trustee to the Issuer (with a copy to the Borrower and the Majority Owner) within 10 days of the respective due date. Upon payment by the Borrower of such deficiency, the amounts for which such deficiency was requested shall be paid by the Trustee to the Issuer.

(d) Notwithstanding anything herein to the contrary, the Trustee, on behalf of the Issuer, shall prepare and submit a written invoice to the Borrower for payment of the Issuer's Administration Fee not later than 30 days prior to the due date for payment of such Issuer's Administration Fee, and shall remit moneys received by the Borrower to the Issuer for payment of such fee. The cure of any Event of Default made or tendered by the Borrower's 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 5.10 Moneys Held in Trust; Investment of Moneys.

(a) All moneys from time to time received by the Trustee and held in the Funds and Accounts (other than the Rebate Fund) shall be held in trust as security for the benefit of the Owners of the Bonds. All such moneys, including the moneys held in the Rebate Fund, shall be invested as provided in this Indenture.

(b) Any money held as part of the funds and accounts shall be invested or reinvested by the Trustee solely pursuant to written direction from the Borrower, and reasonably consented to in writing by the Majority Owner, in Investment Securities (the Trustee may rely upon the written direction of the Borrower that such investments are Investment Securities). All such Investment Securities shall mature or be subject to withdrawal or redemption without discount or penalty prior to the next Bond Payment Date. In addition, following receipt by a written notice of an Event of Default (as defined in the Loan Agreement), the Trustee shall invest and reinvest the

money it holds as part of the funds and accounts at the written direction of the Majority Owner. Except as described below, any investment made with money on deposit in a Fund or Account shall be held by or under control of the Trustee and shall be deemed at all times a part of the Fund or Account where such money was on deposit, and the interest and profits realized from such investment shall be credited to such Fund or Account and any loss resulting from such investment shall be charged to such Fund or Account. In the absence of the receipt of any investment instructions as provided herein, the Trustee shall invest all money under its control in investments described in clause (h) of the definition of Investment Securities.

(c) Any investment of money may be made by the Trustee through its own bond department, investment department or other commercial banking department or Affiliate of the Trustee providing investment services. The Trustee, any such department or the Trustee's Affiliates may receive reasonable and customary compensation in connection with any investment made under this Indenture.

(d) The Trustee shall have no liability or responsibility for any depreciation of the value of any investment made in accordance with the provisions of this Section or for any loss resulting from such investment or redemption, sale or maturity thereof except for any loss that is the result of gross negligence or willful misconduct of the Trustee.

(e) Unless otherwise confirmed in writing, an account statement delivered by the Trustee to the Borrower or the Majority Owner, as the case may be, shall be deemed written confirmation by said party that the investment transactions identified therein accurately reflect the investment directions given to the Trustee by said party, unless said party notifies the Trustee in writing to the contrary within thirty (30) days of the date of receipt of such statement.

(f) The Issuer and the Borrower (by their execution of the Loan Agreement) each acknowledge that to the extent regulations of the Office 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 specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish to the Issuer, the Majority Owner and the Borrower periodic cash transaction statements that shall include detail for all investment transactions made by the Trustee hereunder.

(g) Except as otherwise provided in subsection (h) of this Section, the Issuer and the Borrower (by their execution of the Loan Agreement) each covenant that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value.

(h) The Issuer and the Borrower (by their execution of the Loan Agreement) each covenant that investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in any reserve fund shall be valued at their present value (within the meaning of Section 148 of the Code).

Section 5.11 Investment Earnings. Earnings on investments held in the Capitalized Interest Account, the Tax-Exempt Loan Account, the Taxable Loan Account, the Equity Account and the Insurance and Condemnation Proceeds Account shall be retained in the Capitalized Interest Account, the Tax-Exempt Loan Account, the Taxable Loan Account, the Equity Account

and the Insurance and Condemnation Proceeds Account, respectively, for application pursuant to Sections 5.02, 5.03 and 5.04 hereof. Earnings on all investments held in the Revenue Fund shall be retained in the Revenue Fund for application pursuant to Section 5.07 hereof. Earnings on investments held in the Tax and Insurance Fund and the Rebate Fund shall be retained therein and applied in the manner prescribed by 5.06 and 5.08 hereof, respectively.

Section 5.12 Covenants Respecting Arbitrage and Rebate. The Trustee shall keep and make available to the Borrower such records concerning the investment of the gross proceeds of the Bonds and the investments of earnings from those investments as may be requested by the Borrower in order to enable the Borrower to fulfill the requirements of Section 148(f) of the Code and of the Tax Certificate.

Section 5.13 Records. The Trustee shall keep and maintain adequate records pertaining to the Funds and Accounts established hereunder, including all deposits to and disbursements from said funds and accounts. The Trustee shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal and interest paid on the Bonds, subject to the inspection of the Borrower, the Issuer, the Trustee and the Owners of the Bonds and their representatives at all reasonable times and upon reasonable prior notice.

Section 5.14 Reports From the Trustee. The Trustee shall, on or before the tenth (10th) day of each month and annually on or before February 1, file with the Servicer, the Borrower and the Issuer a statement setting forth in respect to the preceding calendar month or year, respectively:

(a) The amount withdrawn or transferred by it and the amount deposited within or on account of each Fund and Account held by it under the provisions of this Indenture, including the amount of investment income on each Fund and Account;

(b) The amount on deposit with it at the end of such month to the credit of each Fund and Account;

(c) A brief description of all obligations held by it as an investment of moneys in each such Fund and Account;

(d) The amount applied to the purchase or redemption of Bonds and a description of the Bonds or portions of Bonds so purchased or redeemed; and

(e) Any other information which the Borrower, the Servicer or the Issuer may reasonably request and to which the Trustee has access in the ordinary course of its operations.

Upon the written request of any Owner or Owners of twenty-five percent (25%) or more in aggregate principal amount of Bonds then Outstanding, the Trustee, at the cost of the Borrower, shall provide a copy of such statement to the Owners of the Bonds. All records and files pertaining to the Trust Estate shall be open at all reasonable times to the inspection of the Servicer and its agents and representatives upon reasonable prior notice.

ARTICLE VI

DEFAULT PROVISIONS; REMEDIES

Section 6.01 Events of Default. Each of the following events is hereby declared an “Event of Default” under this Indenture:

(a) The failure to pay any installment of principal or the redemption price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(b) During the Variable Rate Period, the failure to pay any installment of interest on any Bond payable hereunder within five (5) calendar days after the Borrower’s receipt of notice of the amount due and payable;

(c) During the Fixed Rate Period, the failure to pay any installment of interest on any Tax-Exempt Bond when and as the same shall become due and payable;

(d) The failure by Issuer to perform or observe any other covenant, agreement or condition on its part contained in this Indenture or in the Bonds, and such failure shall continue for a period of sixty (60) days after written notice thereof to the Issuer and the Borrower by the Trustee or by the Owners of not less than twenty-five percent (25%) in principal amount of the Bonds Outstanding;

(e) Default in the timely payment of any installment of the fees or other amounts payable to the Issuer pursuant to the Regulatory Agreement, and the continuance thereof for a period of thirty (30) days after written notice to the Trustee, the Borrower and the Servicer has been given by the Issuer, which default shall not be subject to waiver by the Servicer or the Trustee; or

(f) The Trustee shall have received written notice from the Issuer that a default under the Regulatory Agreement has occurred and is continuing past any applicable notice and cure periods.

Notwithstanding anything to the contrary contained herein, the Borrower’s Investor Limited Partner shall have the right, but not the obligation, to cure an Event of Default hereunder.

Section 6.02 Remedies.

(a) Except as otherwise provided in this Article, the Trustee shall take only such actions in respect of an Event of Default as it shall be directed in writing to take by the Servicer (or in the case of an Event of Default arising under Section 6.01(e) or (f), the Issuer). Such actions may include the following:

(i) Declaration of all Outstanding Bonds to be immediately due and payable, whereupon such Bonds shall become and be immediately due and payable, anything in the Bonds or in this Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment and all unpaid interest on the Bonds on the date of payment;

(ii) Implementation of actions for the recovery of the amounts due on the Notes, the Loan Agreement and the other Loan Documents;

(iii) Initiation of foreclosure or realization upon the collateral held by the Borrower for the obligations of the Borrower under the Loan Documents;

(iv) Implementation of such other rights and remedies as may be available under the Loan Documents, the Guaranty or applicable law.

(b) At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, the Trustee, if so directed by the Servicer (or in the case of an Event of Default arising under Section 6.01(e) or (f), the Issuer), shall annul such declaration and its consequences with respect to any Bonds not then due by their terms. In such event, the Issuer, the Borrower, the Trustee and all of the Owners shall be restored to the same position as before the occurrence of the Event of Default. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Section 6.03 Additional Remedies and Enforcement of Remedies. Upon the occurrence and continuation of any Event of Default, the Trustee, if and to the extent directed by the Servicer (or in the case of an Event of Default arising under Section 6.01(e) or (f), the Issuer), may proceed forthwith to protect and enforce its rights and the rights of the Owners under the Act, the Bonds and this Indenture by such suits, actions or proceedings as the Servicer (or in the case of an Event of Default arising under Section 6.01(e) or (f), the Issuer), in its sole discretion, shall deem expedient.

Section 6.04 Application of Revenues and Other Moneys After Default.

(a) If an Event of Default shall occur and shall not have been remedied, the Trustee shall transfer to the Revenue Fund (i) forthwith, all moneys and securities then held in any other Fund or Account under this Indenture other than amounts held in the Rebate Fund and (ii) as promptly as practicable after receipt thereof, all revenues and other payments or receipts pledged under this Indenture and all proceeds realized as a result of remedial action under the Loan Documents and the Guaranty.

(b) During the continuation of an Event of Default, the Trustee shall apply such moneys, securities, revenues, payments and receipts and the income therefrom as follows and in the following order:

(i) To the payment of Trustee Expenses;

(ii) To the payment of the amounts required to reimburse the Owners of the Bonds and the Issuer for any reasonable legal or other out of pocket costs incurred by them in connection with such remedial action and the reasonable fees and expenses of the Issuer in carrying out this Indenture or the Loan Documents;

(iii) To the payment of the interest and principal installments or redemption price then due and payable on the Bonds, as follows:

(A) Unless the principal of all of the Bonds shall have become or have been declared due and payable;

First: To the payment to the Persons entitled thereto of all installments of interest then due and payable in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal installments or redemption price of any Bonds that shall have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due and payable on any date, then to the payment thereof ratably, according to the amounts of principal installments or redemption price due on such date, to the Persons entitled thereto, without any discrimination or preference.

(B) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference (except as to any difference as to the respective rates of interest specified in the Bonds);

(iv) To the payment of fees then due and owing to the Issuer; and

(v) Notwithstanding anything contained herein to the contrary, the Servicer may by written notice to the Trustee direct the application of funds other than in the manner set forth above (except that the priority of payment of Trustee's fees and expenses shall not be altered), including, without limitation, the application of funds between the principal of or interest on the Bonds. Any such determination by the Servicer shall be deemed conclusive, and the Issuer and the Trustee shall have no liability for the tax consequences of said determination.

Section 6.05 Remedies Not Exclusive. No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the Owners of the Bonds 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 under this Indenture or existing at law or in equity or by statute (including the Act) on or after the date of adoption of this Indenture.

Section 6.06 Remedies Vested in Trustee and Servicer. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee and the Servicer without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Subject to the rights of the Servicer to direct proceedings hereunder, any such suit or proceeding instituted by the Trustee shall be brought in its name under the authority herein granted without the necessity of joining as plaintiffs or defendants any Owners of the Bonds. Any recovery of judgment shall be for the equal benefit of the Owners of the Outstanding Bonds.

Section 6.07 Individual Bond Owners Action Restricted.

(a) No Owner of any Bond other than the Servicer (if it is the Owner of any Bond) or the Majority Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust under this Indenture or for any remedy under this Indenture.

(b) Nothing contained in this Indenture shall affect or impair, or be construed to affect or impair, the right of the Owner of any Bond to: (i) receive payment of the principal of or interest on such Bond on or after the due date thereof or (ii) institute suit for the enforcement of any such payment on or after such due date; provided, however, no Owner of any Bond may institute or prosecute any such suit or enter judgment therein, if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein, under applicable law, would result in the surrender, impairment, waiver or loss of the lien of this Indenture on the moneys, funds and properties pledged under this Indenture for the equal and ratable benefit of all Owners of the Bonds appertaining thereto.

Section 6.08 Termination of Proceedings. In case any proceeding taken by the Servicer or by the Trustee at the direction of the Servicer on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Owners of the Bonds, the Issuer, the Trustee, the Borrower and the Owners of the Bonds shall be restored to their former positions and rights under this Indenture, and all rights, remedies and powers of the such parties shall continue as if no such proceeding had been taken.

Section 6.09 Waiver and Non-Waiver of Event of Default.

(a) No delay or omission of the Trustee, the Servicer or the Owners of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article VI to any party may be exercised from time to time and as often as may be deemed expedient.

(b) In case of any waiver by the Trustee, acting upon the direction of the Servicer, of an Event of Default under this Indenture, the Issuer, the Trustee and the Owners of the Bonds shall be restored to their former positions and rights under this Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Section 6.10 Servicer Controls Proceedings. If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Indenture to the contrary, the Servicer shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or any other proceedings under this Indenture and subject to Section 7.02 of this Indenture; provided, however, that such direction shall be in accordance with law and the provisions of this Indenture; provided that nothing in this Section 6.10 shall impair the right of the Trustee in its discretion to take any other action under this Indenture that it may deem proper and that is not inconsistent with such direction by the Servicer, nor shall it impair the Issuer's right to direct the Trustee to the extent permitted by Section 6.02.

ARTICLE VII

CONCERNING THE TRUSTEE

Section 7.01 Trustee; Appointment and Acceptance of Duties.

(a) The Issuer hereby appoints U.S. Bank Trust Company, National Association, as trustee hereunder. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing this Indenture.

(b) Unless otherwise provided, the corporate trust offices of the Trustee are designated as the respective offices or agencies of the Trustee for the authentication and delivery of Bonds.

Section 7.02 Responsibilities of Trustee.

(a) The recitals of fact herein and in the Bonds contained (other than the certificate of authentication) shall be taken as the statements of the Issuer and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bonds issued hereunder or as to the security afforded by this Indenture, and the Trustee shall incur no liability in respect thereof. The Trustee shall be under no responsibility or duty with respect to the application of any moneys properly paid to it except as provided herein or as otherwise expressly agreed by the Trustee. Except for a declaration of acceleration under Section 6.02 hereof or the payment of principal and interest on the Bonds, the Trustee shall be under no obligation or duty to perform any act that would involve it in expense or liability or to institute or defend any suit in respect of this Indenture or to advance any of its own moneys, unless indemnified to its reasonable satisfaction. Subject to the provisions of subsection (b) of this Section 7.02, the Trustee shall not be liable in connection with the performance of its duties under this Indenture except for its own gross negligence or willful misconduct.

(b) The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (and has not been cured within any applicable grace period or waived) and subject to the rights of the Servicer with respect to control of remedies following an Event of Default hereunder, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. Any provisions of this Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 7.02.

(c) The Trustee shall cooperate fully with the Servicer in the enforcement and protection of the rights of the Owners of the Bonds to the fullest extent possible under this Indenture, the Loan Documents and applicable law. Toward this end, the Trustee shall take such action as directed by the Servicer, including initiating foreclosure of the Property under the Mortgage, suit for specific performance of the Loan Documents or for damages for nonperformance thereof and assignment of the Loan Documents to the Owners of the Bonds for purposes of enforcing the rights of the Owners of the Bonds; provided, that without the prior written consent of the Issuer, the Servicer shall give the Trustee no direction as to the enforcement of

the Reserved Rights, which shall, except with the prior written consent of the Issuer, be enforceable only by the Issuer.

(d) The Trustee shall not take any discretionary action under the Loan Documents (although approval or disapproval of disbursement of Loan proceeds and investment earnings thereon under the Loan Agreement shall be made in accordance with the terms of Article V hereof) without the written approval of the Servicer and shall, subject to the proviso of paragraph (c) of this section, take such discretionary action permitted or required under the Loan Documents, as may be directed in writing by the Servicer.

(e) The Trustee shall notify the Servicer of any notification received by the Trustee under or pursuant to the Loan Documents promptly after receipt of said notice.

(f) If any Event of Default occurs and is continuing hereunder and if the Trustee has received written notice thereof or is deemed to have notice pursuant to this Indenture, the Trustee shall give to all Owners, the Issuer and the Borrower written notice of such default or Event of Default within thirty (30) days after receipt of such information. For the purpose of this Section 7.02 only, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default under Section 6.01 hereof.

(g) Promptly upon receipt of notice of the occurrence of a Determination of Taxability, the Trustee shall give immediate telephonic notice, promptly confirmed in writing, to the Borrower, the Issuer, the Owners and former Owners (provided that the Trustee shall not be obligated to maintain records of such former Owners or to retain records relating to such former Owners for more than six years).

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder or under the Loan Agreement except for a default or Event of Default referred to in Section 6.01(a), (b) or (c) hereof, unless the Trustee shall have received written notice of such Event of Default by the Issuer, the Borrower, the Servicer or by the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding.

(i) The Trustee is authorized and directed to execute in its capacity as Trustee the Regulatory Agreement, the Loan Agreement, and any other Loan Documents to which the Trustee is party, including any subordination agreements related to the Mortgage.

(j) Anything 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 Project, and shall not be required to initiate foreclosure proceedings with respect to the Project and the Mortgage 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 of, or contamination by any environmentally hazardous materials or substances of any kind whatsoever.

(k) No provision of this Indenture, the Loan Agreement or any other document related hereto shall require the Trustee to risk or advance its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of its rights hereunder.

(l) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(m) The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of the Servicer relating to the exercise of any right, power or remedy available to the Trustee.

Section 7.03 Evidence on Which Trustee May Act.

(a) The Trustee, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Indenture, shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel selected by it in respect of any action taken or suffered by the Trustee under this Indenture.

(b) Except as otherwise expressly provided in this Indenture, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision of this Indenture by the Issuer to any Trustee shall be sufficiently executed if executed in the name of the Issuer by an Authorized Representative of the Issuer.

Section 7.04 Compensation; No Trustee Liens. The Borrower shall pay to the Trustee, as provided in the Loan Agreement, from time to time reasonable compensation for all services rendered under this Indenture and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Indenture, provided that the Trustee shall not have a lien therefor on any moneys or Investment Securities at any time held or received by it under this Indenture.

Section 7.05 Certain Permitted Acts. The Trustee may become the owner of any Bonds with the same rights it would have if it were not the Trustee. To the extent permitted by law, the Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of the Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

Section 7.06 Resignation of Trustee. The Trustee may resign at any time and be discharged of the duties and obligations created by this Indenture by giving not less than sixty (60) days' written notice to the Issuer, the Borrower and the Owners of the Bonds, provided that no resignation shall become effective until the acceptance of appointment by a successor Trustee as provided in Section 7.08 of this Indenture. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 60 days after the giving of such notice of resignation, the retiring Trustee may petition, at the expense of the Borrower, any court of competent jurisdiction for the appointment of a successor Trustee.

Section 7.07 Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, signed by the Issuer or by the Servicer (subject to the prior written consent of the Issuer, which consent shall not be unreasonably withheld or delayed, if such removal is not for cause) and filed with the Trustee and the Borrower; provided that no removal shall become effective until the acceptance of appointment by a successor Trustee as provided in Section 7.08 of this Indenture

Section 7.08 Appointment of Successor Trustee; Temporary Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Issuer shall appoint a successor Trustee.

Section 7.09 Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, the Servicer and to any Owner which shall request the same, an instrument accepting such appointment and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named; but the Trustee ceasing to act nevertheless, shall execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as reasonably may be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in or pursuant to this Indenture. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged and delivered by the Issuer.

Section 7.10 Merger or Consolidation of Trustee. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it may be party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act.

Section 7.11 Servicer. The Majority Owner may (but shall not be obligated to) appoint (with prompt notice thereof to the Issuer and the Borrower) a mortgage servicer to service the Loan for all or a portion of the term of the Loan. The Servicer shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing the Servicing Agreement. Any Servicer appointed hereunder may be removed at any time, with or without cause, by the Majority Owner, by written notice to the Issuer, the Trustee, the Borrower and the Servicer. At any time when a Servicer has not been appointed or when a Servicer has been removed without appointment of a successor Servicer, pursuant to this Section 7.11, all references in this Indenture and in the Loan Documents to the Servicer shall be deemed to refer to the Majority Owner. The Servicer may, with the prior written consent of the Majority Owner, appoint an agent as subservicer to perform the duties of the Servicer under the Servicing Agreement.

Section 7.12 Electronic Instructions; Electronic Signatures.

The Trustee shall have the right to accept and act upon instructions or directions, including funds transfer instructions, pursuant to this Indenture sent by Electronic Means (as hereinafter defined); provided, however, that the Trustee will have received an incumbency certificate listing designated persons authorized to provide such instructions ("Authorized Officers"), which incumbency certificate shall be amended whenever a person is to be added or deleted from the

listing. As used in this paragraph, "Electronic Means" means a portable document format ("pdf") or other replicating image attached to an unsecured email, 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. If the Issuer elects to give the Trustee instructions by 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 agrees that the Trustee cannot determine the identity of the actual sender of such instructions and that the Trustee shall conclusively presume that instructions 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 shall be responsible for ensuring that only Authorized Officers transmit such instructions to the Trustee, and the Issuer and the Authorized Officers are responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and authentication keys provided by the Trustee, if any. 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 instructions conflict or are inconsistent with a subsequent written instruction delivered by other means. The Issuer agrees (i) to assume all risks arising out of the use of such Electronic Means to submit instructions and direction 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 use of Electronic Means; (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) that it will notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

All notices, approvals, consents, requests and any communications to the Trustee hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Trustee). Electronic signatures believed by the Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the Issuer chooses to use electronic signatures to sign documents delivered to the Trustee, the Issuer agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any document signed via electronic signature.

ARTICLE VIII

AMENDMENTS AND SUPPLEMENTAL INDENTURES; AMENDMENTS OF ISSUER DOCUMENTS

Section 8.01 Supplemental Indentures Not Requiring Consent of Owners of Bonds.

The Issuer and the Trustee may, without the consent of, or notice to, the Owners of any Bonds (but only with the prior written consent of the Servicer, if any one person or entity owns at least fifty-one percent (51%) in aggregate principal amount of the Outstanding Bonds, and with notice

to the Servicer and the Borrower), enter into one or more Supplemental Indentures for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Indenture;
- (b) To grant to or confer any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Owners of the Bonds or the Trustee, or to make any change which, in the judgment of the Trustee and the Servicer, is not to the prejudice of the Owners of the Bonds;
- (c) To subject to the pledge and lien of this Indenture additional revenues, properties and collateral;
- (d) To evidence the appointment of a separate Trustee or co-Trustee or the succession of a new Trustee; or
- (e) To modify, amend or supplement the provisions of this Indenture or any Supplemental Indenture relating to the holding or investing by the Trustee of moneys hereunder or thereunder in such manner as the Issuer may deem necessary or desirable to maintain the exclusion from gross income of Owners (other than an Owner who is a "substantial user" of the Project or a "related person" to a "substantial user," as defined in Section 147(a) of the Code) for purposes of federal income taxation of interest on the Tax-Exempt Bonds.

Section 8.02 Supplemental Indentures Requiring Consent of Owners of Bonds.

(a) Exclusive of Supplemental Indentures covered by Section 8.01 of this Indenture and subject to the terms and provisions contained in this Section 8.02, and not otherwise, neither the Issuer nor the Trustee shall enter into any amendment, change or modification of this Indenture without the prior written consent of the Owners of not less than two thirds in aggregate principal amount of the Bonds then Outstanding; provided, however, that nothing in this Section 8.02 contained shall permit, or be construed as permitting, without the consent of the Owners of all of the Bonds, (i) an extension of the maturity date of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, (iii) change in a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the percentages of the Owners of the Outstanding Bonds required for consent to such Supplemental Indenture, (v) the creation of any lien other than a lien ratably securing all of the Bonds at any time Outstanding or (vi) any reduction of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee.

(b) If at any time the Issuer and the Trustee shall desire to execute and deliver a Supplemental Indenture for any of the purposes of this Section 8.02, the Trustee shall, upon being provided with reasonably satisfactory arrangements for payment of its fees and expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by registered or certified mail to each Owner of the Bonds. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Owners of the Bonds. If within 60 days or such longer period as shall be prescribed by the Issuer following the giving of such notice, the Owners of not less than two thirds in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to

question the propriety of the execution thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof. Subject to Section 8.04 hereof, upon the execution of any such Supplemental Indenture as in this Section 8.02 permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Section 8.03 Reliance on Opinion of Counsel. The Trustee and the Issuer shall be entitled to rely upon an opinion of Counsel stating that a Supplemental Indenture is authorized or permitted by this Indenture, and prior to the execution and delivery of any Supplemental Indenture, the Trustee, the Issuer, and the Servicer shall be furnished with an opinion of Bond Counsel stating that the provisions of such Supplemental Indenture will not cause the interest on the Tax-Exempt Bonds to be includable in gross income of Owners (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) for purposes of federal income taxation.

Section 8.04 Consents Required. Anything herein to the contrary notwithstanding, a Supplemental Indenture described in Section 8.02 hereof that adversely affects any rights of the Borrower, the Servicer or the Trustee shall not become effective unless and until the affected party shall have consented in writing to the execution and delivery of such Supplemental Indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any Supplemental Indenture together with a copy of the proposed Supplemental Indenture to be mailed as provided in Section 4.05 with respect to the redemption of Bonds to the Borrower and the Servicer at least ten (10) days before the date of its proposed execution and delivery. The Servicer is hereby deemed a third-party beneficiary with respect to this Section 8.04.

Section 8.05 Amendments of Loan Documents Not Requiring Consent of Owners of Bonds. The Issuer, the Trustee and the Borrower may, without the consent of or notice to any of the Owners of Bonds (but only with the consent of the Servicer) enter into any amendment, change or modification of any of the Loan Documents as may be required (a) by the provisions of the Loan Agreement or this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission therein, (c) so as to add additional rights and remedies for the benefit of Owners of the Bonds, or (d) in connection with any other change therein that, in the judgment of the Trustee and the Servicer, is not to the prejudice of the Trustee or the Owners of the Bonds.

Section 8.06 Amendments of Loan Documents Requiring Consent of Owners of Bonds. Except for the amendments, changes or modifications as provided in Section 8.05 hereof, none of the Issuer, the Trustee or the Borrower shall enter into any other amendment, change or modification of the Loan Documents without the mailing of notice and the written approval or consent of the Owners of not less than two thirds in aggregate principal amount of the Outstanding Bonds; provided, however, that nothing in this Section or Section 8.05 hereof shall permit or be construed as permitting without the consent of the Owners of all of the Bonds (a) an extension of the time of the payment of any amounts payable under the Loan Documents, or (b) a reduction in the amount of any payment or in the total amount due under the Loan Documents. If at any time the Issuer, the Trustee or the Borrower shall desire the consent to any such proposed amendment, change or modification, the Trustee shall, upon being satisfactorily indemnified with respect to fees and expenses, cause notice of such proposed amendment, change or modification to be mailed in the same manner as provided herein with respect to redemption of Bonds. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Principal Office of the Trustee for inspection by all Owners of Bonds. If, within sixty (60) days, or such longer period as shall be prescribed by the Trustee as the case may be, following

the mailing of such notice, the Owners of two thirds in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution thereof as hereto provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Borrower or the Issuer or the Trustee as the case may be, from executing the same or from taking any action pursuant to the provisions thereof. The Issuer, or the Trustee as the case may be, shall have the right to extend from time to time the period within which such consent and approval may be obtained from Owners of the Bonds. Upon the execution of any such amendment, change or modification as in this Section permitted and provided, the Issuer Documents shall be and be deemed to be modified, changed and amended in accordance therewith.

ARTICLE IX

DISCHARGE

Section 9.01 Discharge of Indenture. If the Issuer shall pay, or there shall otherwise be paid, to the Owners of all Bonds the principal or redemption price, if applicable, and interest due thereon, at the times and in the manner stipulated therein and in this Indenture and if all Trustee Expenses and all amounts payable to the Issuer for its own account (including expenses and indemnification) shall be paid in full, then the pledge of revenues, other moneys and securities under this Indenture, and all covenants, agreements and other obligations of the Issuer to the Owners of Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Issuer to be prepared and filed with the Issuer and, upon the request of the Issuer, shall execute and deliver to the Issuer and the Borrower all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver as provided in Article V hereof all moneys or securities held by them pursuant to this Indenture (except as otherwise specified in Section 5.08) after the payment of principal or redemption price, if applicable, of or interest on Bonds. Notwithstanding the foregoing, upon such discharge the provisions of this Indenture relating to the Rebate Fund and Section 9(a)(xii) of the Loan Agreement shall continue in effect.

Section 9.02 Discharge by Delivery. The obligation to pay the principal of and interest on all or any portion of the Bonds (the “**Bond Obligations**”) may be discharged by the delivery of the Bonds to the Trustee accompanied by written direction from the Owner(s) thereof to cancel such Bonds without payment (except as provided hereafter in this Section 9.02), and upon such delivery, such Bond Obligations shall be canceled and deemed paid. In the event only a portion of the Bond Obligations shall be canceled and deemed paid pursuant to the terms of this Section 9.02, those Bond Obligations that are not so canceled and deemed paid shall remain Outstanding for all purposes of this Indenture; provided that if all Outstanding Bonds shall be delivered to the Trustee in accordance with the terms of this Section 9.02 and all of the requirements for the discharge of this Indenture (other than the payment of Bond Obligations) shall be paid and satisfied in full, then the Trustee shall discharge and release the lien of this Indenture, assign to the Owner(s) of the Bonds all right, title and interest of the Trustee in and to the Notes, the Loan Agreement and the other Loan Documents, deliver to the Owner(s) of the Bonds all moneys and securities held by the Trustee pursuant to this Indenture (except as otherwise specified in Section 5.08) up to an amount necessary to pay in full all of the principal of and interest on the Bonds through such cancellation and any other amounts due under the Loan Documents, and execute and deliver such releases or other instruments requisite to release the lien hereof.

Section 9.03 Discharge by Deposit. The obligation to pay the principal of and interest on all or a portion of the Bonds may be discharged if the Issuer or the Borrower has deposited or caused to be deposited, as trust funds, with the Trustee cash and/or Government Obligations that do not permit the redemption thereof at the option of the issuer thereof, the principal of and interest on which when due (or upon the redemption thereof at the option of the Owner), will, without reinvestment, provide cash that together with the cash, if any, on deposit with the Trustee at the same time, shall be sufficient, to pay and discharge the entire indebtedness on Bonds not theretofore canceled by the Trustee or delivered to the Trustee for cancellation by the payment of interest on and principal of the Bonds that have become due and payable or that shall become due at their stated maturity or redemption date, as the case may be (the “**Defeasance Collateral**”), and that are to be discharged under the provisions hereof, and has made arrangements satisfactory to the Trustee for the giving of notice of redemption, if any, by the Trustee in the name, and at the expense, of the Borrower. If the period over which payments will be made from the Defeasance Collateral is greater than ninety (90) days, the Borrower must also deliver to the Trustee a verification report prepared by a certified public accountant, with respect to the sufficiency of the Defeasance Collateral to make such payments. In addition, to discharge the obligation to pay the principal and interest on the Bonds pursuant to this Section 9.03, the Issuer or the Borrower must (i) obtain an opinion of Bond Counsel addressed to the Issuer and the Trustee to the effect that all actions have been taken to cause the defeasance of this Indenture and such actions will not adversely affect the excludability of interest on the Bonds for federal income tax purposes under existing law, and (ii) provide written notice to the Servicer of such discharge at least thirty (30) days in advance.

ARTICLE X

MISCELLANEOUS

Section 10.01 Evidence of Signatures of Bond Owners and Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument that this Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner of the Bonds or his attorney of such instruments may be proved by a guaranty of the signature thereon by a bank, trust company or national banking association or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guaranty, certificate or affidavit also shall constitute sufficient proof of his authority.

(b) The ownership of Bonds and the amount, numbers and other identification, and date of holding the same, shall be proved by the registry books maintained by the Trustee.

(c) Any request or consent by the Owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer or any Trustee in accordance therewith.

Section 10.02 Bonds Not an Obligation of the State or Any Political Subdivision.

(a) The Bonds and the interest thereon shall not be deemed to constitute or to create in any manner an indebtedness or obligation of the State or any county, municipality or political subdivision thereof, and will not constitute or result in the creation of an indebtedness of the State or any county, municipality or political subdivision thereof, but shall be limited obligations of the Issuer payable solely from the revenues and other funds pledged therefor and shall not be payable from any assets or funds of the Issuer other than the revenues and other funds pledged therefor, and neither the faith and credit nor the taxing power of the State or any county, municipality or political subdivision thereof is pledged to the payment of the principal of or the interest on this Bond. No Owner of the Bonds will ever have the right to compel any exercise of the taxing power of the State or any county, municipality or political subdivision thereof, nor to enforce the payment thereof against any property of the State or any county, municipality or political subdivision thereof.

(b) No recourse may be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein, in any other Issuer Document, in the Loan Documents or in the Bonds or for any claim based hereon or thereon or otherwise in respect hereof or thereof against any director, member, officer, agent, attorney or employee, as such, in his individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty otherwise. No personal liability whatsoever will attach to, or be incurred by, any director, member, officer, agent, attorney or employee as such, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into in the Bonds or between the Issuer and the Trustee, whether contained herein or to be implied herefrom as being supplemental hereto; and all personal liability of that character against every such director, member, officer, agent, attorney and employee is, by the execution of this Indenture and as a condition of, and as part of the consideration for, the execution of this Indenture, expressly waived and released.

Section 10.03 Preservation and Inspection of Documents. All documents received by any Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times and upon reasonable prior notice to the inspection of the Issuer, any other Trustee, and any Owner of the Bonds and their agents and their representatives, any of whom may make copies thereof.

Section 10.04 Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer and the Trustee, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation of this Indenture; and all the covenants, stipulations, promises and agreements in this Indenture shall be for the sole and exclusive benefit of the Issuer and the Trustee.

Section 10.05 No Recourse on the Bonds. No recourse shall be had for the payment of the principal or redemption price or purchase price of or interest on the Bonds or for any claim based thereon or on this Indenture or any other Issuer Document or the Loan Documents against any member, officer, employee or agent of the Issuer or any person executing the Bonds.

Section 10.06 Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Indenture on the part of the Issuer or any Trustee to be performed

should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and in no way shall affect the validity of the other provisions of this Indenture.

Section 10.07 Successors. Whenever in this Indenture the Issuer is named or referred to, it shall be deemed to include any entity that may succeed to the principal functions and powers of the Issuer under the Act, and all the covenants and agreements contained in this Indenture by or on behalf of the Issuer shall bind and inure to the benefit of said successor whether so expressed or not.

Section 10.08 Notices, Demands and Requests. Except as otherwise provided in Section 4.05, all notices, demands and requests to be given or made under this Indenture to or by the Issuer or the Trustee shall be in writing and shall be sufficiently given and shall be deemed given (a) three days after mailing by certified mail, first-class, postage prepaid; (b) the Business Day after sending by expedited overnight delivery service; (c) the date of receipt if delivered by personal delivery; (d) if sent by facsimile transmission, the date of transmission, if receipt of such transmission is telephonically confirmed on such day and addressed to the Notice Address of the respective addressee. Either the Issuer or the Trustee may change the Notice Address listed for it at any time upon written notice of such change sent by United States mail, postage prepaid, to the other party, which change shall be effective upon receipt.

Section 10.09 Applicable Law; Venue. This Indenture shall be governed exclusively by the applicable laws of the State, and any action arising out of this Indenture or the Bonds shall be filed and maintained in the City of San Diego, California, unless the Issuer waives this requirement in writing.

Section 10.10 Table of Contents and Section Headings Not Controlling. The Table of Contents and the headings of the several Articles and Sections of this Indenture have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this Indenture.

Section 10.11 Exclusion of Bonds. Bonds owned or held by or for the account of the Issuer shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the Issuer shall not be entitled with respect to such Bonds to give any consent or take any other action provided for herein, unless all of the Outstanding Bonds are then owned by such Person.

Section 10.12 Exempt from Individual Liability. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future officer, director, employee or agent of the Issuer or the Trustee in his individual capacity, and neither the officers, directors, employees or agents of the Issuer or the Trustee executing the Bonds or this Indenture shall be liable personally on the Bonds or under this Indenture or be subject to any personal liability or accountability by reason of the issuance of the Bonds or the execution of this Indenture.

Section 10.13 Effective Date. This Indenture shall take effect immediately upon the execution and delivery by all of the parties hereto.

IN WITNESS WHEREOF, the Issuer has caused these presents to be executed in its name by its duly authorized official; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name by its duly authorized officer, as of the date first above written.

HOUSING AUTHORITY OF
CITY OF SAN DIEGO

By: _____
_____, _____

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION

By: _____
Authorized Signatory

EXHIBIT A-1

FORM OF TAX-EXEMPT BOND

SUBJECT TO THE EXCEPTIONS SET FORTH IN SECTION 3.09 OF THE INDENTURE (HEREINAFTER DEFINED), THE PURCHASER OF THIS BOND MUST BE AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF SECTIONS 501(A)(1), (2), (3), OR (7) PROMULGATED UNDER REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OF 1933 AND WILL BE REQUIRED TO EXECUTE AND DELIVER AN INVESTMENT LETTER AGREEMENT THAT WILL, AMONG OTHER THINGS RESTRICT TRANSFER OF THIS BOND.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BOND
(CUATRO AT CITY HEIGHTS)
SERIES 2024C-1

No. _____

Dated Date: [Closing Date]

Registered Owner: Banner Bank, a Washington corporation

Maturity Date: [C-1 Maturity]

Interest Rate: As stated below

The Housing Authority of the City of San Diego (hereinafter called the "**Issuer**"), a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California, for value received hereby promises to pay (but only from the sources and as hereinafter provided) to the Registered Owner specified above, or registered assigns, the principal amount of Forty-Seven Million One Hundred Eleven Thousand Dollars (\$47,111,000), or so much of such maximum authorized principal amount as may have been purchased by the Owner of this Bond from time to time in accordance with the terms of this Bonds and Section 3.01(b) of the Indenture (described below) on the Maturity Date specified above, upon presentation and surrender of this Bond at the principal office of U.S. Bank Trust Company, National Association, or its successor as trustee (the "**Trustee**"), under the Indenture, and to pay (but only from the sources and as hereinafter provided) interest on said principal amount at the interest rate set forth above, from and including the dated date hereof until the principal amount shall have been paid in accordance with the terms of this Bond and the Indenture, as and when set forth below, but only from the sources and as hereinafter provided, by wire transfer if there is one Owner of all of the Bonds or otherwise by check or draft mailed to the record Owners of Bonds as the same appear upon the books of registry to be maintained by the Trustee, as registrar.

This Bond is one of an authorized series of Bonds of the Issuer designated Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cuatro at City Heights), Series 2024C-1, and issued in the aggregate principal amount of \$47,111,000 (collectively, the "**Bonds**"). The Bonds are issued for the purpose of funding a loan to Cuatro at City Heights LP, a California limited partnership (the "**Borrower**"), in order to finance a portion of the costs of the

acquisition, construction and equipping of a scattered-site project within the City of San Diego, California, to be known as “Cuatro at City Heights,” consisting of the following (collectively, the “**Project**”): (i) a 25-unit (including one manager’s unit) multifamily rental housing facility located at 4050 El Cajon Boulevard; (ii) a 21-unit multifamily rental housing facility located at 3951 University Avenue; and (iii) a 71-unit (including one manager’s unit) multifamily rental housing facility located at 4050 and 4102-4122 University Avenue.

THIS BOND IS BEING ISSUED AS A DRAW-DOWN BOND, IN THAT THE HOLDERS OF THE BONDS WILL PURCHASE THE PRINCIPAL AMOUNT OF THE BONDS IN INSTALLMENTS, AT PAR, IN ACCORDANCE WITH THE TERMS OF AND AS REQUIRED BY SECTION 3.01(b) OF THE INDENTURE. ACCORDINGLY, THE PRINCIPAL AMOUNT OF THE BONDS THAT HAVE BEEN PURCHASED BY THE HOLDERS AND ARE OUTSTANDING AT ANY GIVEN TIME MAY BE LESS THAN THE MAXIMUM PRINCIPAL AMOUNT OF THE BONDS AS SET FORTH ON THE FACE OF THIS BOND. UPON EACH PURCHASE OF A PORTION OF THE PRINCIPAL AMOUNT OF THE BONDS IN ACCORDANCE WITH THE TERMS OF SECTION 3.01(b) OF THE INDENTURE, THE TRUSTEE WILL NOTE IN A LOG MAINTAINED BY THE TRUSTEE FOR SUCH PURPOSE THE PRINCIPAL AMOUNT OF THE BONDS SO PURCHASED, THE DATE OF SUCH PURPOSE AND THE IDENTITY OF SUCH PURCHASER. THE RECORDS MAINTAINED BY THE TRUSTEE IN SUCH REGARD WILL BE CONCLUSIVE EVIDENCE OF THE PRINCIPAL AMOUNT OF THE BONDS WHICH HAVE BEEN PURCHASED AND ARE OUTSTANDING. IF PRESENTED TO THE TRUSTEE BY THE HOLDER OF THIS BOND, THE PRINCIPAL AMOUNT OF THE BONDS PURCHASED BY THE OWNER OF THIS BOND WILL BE NOTED BY THE TRUSTEE ON SCHEDULE 1 ATTACHED TO THIS BOND.

PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND IS REQUIRED TO BE MADE DIRECTLY TO THE REGISTERED OWNER HEREOF WITHOUT NOTATION HEREON. IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER ALL OR ANY PART OF THE PRINCIPAL OF OR INTEREST ON THIS BOND HAS BEEN PAID.

This Bond is issued under and pursuant to the Trust Indenture dated as of February 1, 2024 between the Issuer and the Trustee (as amended and supplemented from time to time, the “**Indenture**”), and the Act (as that term is defined in the Indenture). Reference is made to the Indenture and the Act for a full statement of their respective terms. Capitalized terms used herein and not otherwise defined herein have the respective meanings accorded such terms in the Indenture, which is hereby incorporated herein by reference. The Bonds issued under the Indenture are expressly limited to \$47,111,000 in aggregate principal amount at any time Outstanding and are all of like tenor, except as to numbers and denominations. Pursuant to a Construction and Term Loan Agreement (the “**Loan Agreement**”) and a Promissory Note (Tax-Exempt) (the “**Tax-Exempt Note**”) dated as of February 1, 2024, the Borrower has agreed to make payments to the Trustee in amounts equal to amounts of principal of and interest on the Bonds.

This Bond and the interest thereon shall not be deemed to constitute or to create in any manner an indebtedness or obligation of the State or any county, municipality or political subdivision thereof, and will not constitute or result in the creation of an indebtedness of the State or any county, municipality or political subdivision thereof, but shall be limited obligations of the Issuer payable solely from the revenues and other funds pledged therefor and shall not be payable from any assets or funds of the Issuer other than the revenues and other funds pledged therefor, and neither the faith and credit nor the taxing power of the State or any county, municipality or political subdivision thereof is pledged to the payment of the principal of or the interest on this Bond. The Issuer has no taxing power.

Notwithstanding any provision of this Bond or the Loan Agreement to the contrary, the Issuer shall be permitted to direct Tax-Exempt Note prepayments to be transferred to a custodian or trustee selected by the Issuer, in lieu of application to prepay a like portion of this Bond, so long as the Issuer simultaneously causes other funds to be applied to prepay such portion of this Bond. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

THE OBLIGATIONS OF THE ISSUER ON THIS BOND ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (I) THE PAYMENTS MADE PURSUANT TO THE LOAN AGREEMENT AND THE TAX-EXEMPT NOTE, AND THE SECURITY THEREFOR PROVIDED BY THE MORTGAGE AND THE SECURITY AGREEMENT (AS THOSE TERMS ARE DEFINED IN THE INDENTURE) AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (II) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE.

Interest Rates. This Bond shall bear interest at the applicable rate provided below. On each Interest Payment Date, interest accrued through the day immediately preceding such Interest Payment Date shall be payable. While this Bond bears interest at the Fixed Rate (or an Alternative Rate based upon the Fixed Rate), interest on this Bond shall be computed on the basis of a 360-day year of twelve equal months of 30 days each. While this Bond bears interest at the Variable Rate (or an Alternative Rate based upon the Variable Rate), interest on this Bond shall be computed on a 365/360-day basis (by applying the ratio of the per annum interest rate over 360, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding).

Variable Rate. Commencing on the Dated Date and ending on (and including) the earliest of the day before the Conversion Date (as defined in the Tax-Exempt Note), the day before the Maturity Date or the date of redemption prior to maturity, this Bond shall bear interest at the Variable Rate (as defined in the Tax-Exempt Note).

Fixed Rate. From and after the Conversion Date (as defined in the Tax-Exempt Note), this Bond shall bear interest at the Fixed Rate (as defined in the Tax-Exempt Note).

Alternative Rate; Taxable Rate. Following the occurrence of an Event of Default under the Loan Agreement or an Event of Default under the Indenture, the Bonds shall bear interest at the Alternative Rate, as that term is defined in the Indenture. If a Determination of Taxability occurs, this Bond shall bear interest from the date of the Determination of Taxability at the Taxable Rate, and the Owner shall also be paid Additional Interest, as provided in the Indenture.

Usury. Notwithstanding any provision of this Bond to the contrary, in no event shall the interest contracted for, charged or received in connection with this Bond (including any other costs or considerations that constitute interest under the laws of the State which are contracted for, charged or received pursuant to this Bond) exceed the maximum rate of nonusurious interest allowed under the laws of the State as presently in effect and to the extent of any increase allowable by such laws. To the extent permitted by law, interest contracted for, charged or received on this Bond shall be allocated over the entire term of this Bond, to the end that interest paid on this Bond does not exceed the maximum amount permitted to be paid thereon by law. Excess interest, if any, provided for in this Bond, or otherwise, shall be canceled automatically as of the date of such acceleration or, if theretofore paid, shall be credited as principal paid on this Bond.

Registration and Transfer. THIS BOND IS SUBJECT TO THE TRANSFER RESTRICTIONS SET FORTH IN SECTION 3.09 OF THE INDENTURE. This Bond is transferable by the registered owner hereof in person or by such registered owner's attorney duly authorized in writing at the office of the Trustee as registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds, of any authorized denomination or denominations, of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Bonds are issuable as fully registered Bonds in Authorized Denominations as provided in the Indenture. The Issuer, the Trustee, and any other person may treat the person in whose name this Bond is registered on the books of registry as the Owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and no person shall be affected by notice to the contrary.

Redemption of Bonds. This Bond is subject to optional and mandatory redemption (and purchase in lieu of redemption by the Borrower) prior to maturity as a whole or in part at such time or times, under such circumstances, at such redemption prices and in such manner as is set forth in the Indenture.

Enforcement. Only the Servicer shall have the right to direct the Trustee to enforce the provisions of this Bond or the Indenture or to institute any action to enforce the covenants herein or therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. If an Event of Default occurs and is continuing, the principal of all Bonds then outstanding may be declared due and payable by the Servicer upon the conditions and in the manner and with the effect provided in the Indenture. As provided in the Indenture, and to the extent permitted by law, interest and a penalty rate of interest shall be payable on unpaid amounts due hereon.

Discharge. The Indenture prescribes the manner in which it may be discharged and after which the Bonds shall be deemed to be paid and no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of registration and exchange of Bonds and of such payment.

Modifications. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond shall not be valid or obligatory for any purpose until it shall have been signed on behalf of the Issuer, by the officer, and in the manner, provided in the Indenture, and authenticated by a duly authorized officer of the Trustee, as Authenticating Agent.

It is hereby certified and recited that all conditions, acts and things required by the statutes of the State or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist have happened and have been performed and that the issue of the Bonds, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by said statutes and said Act.

In the event of any inconsistency between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall control.

IN WITNESS WHEREOF, the Housing Authority of the City of San Diego has caused this Bond to be executed in its name by the manual or facsimile signature of its Senior Vice President Housing Finance & Property Management of the San Diego Housing Commission.

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____
Senior Vice President Housing Finance &
Property Management of the San Diego
Housing Commission

FORM OF CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Indenture and issued under the provisions of the within mentioned Indenture.

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

By: _____
Signature

Printed Name

Title

Date of Authentication: _____

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto the within and hereby authorizes the transfer of this Bond on the registration books of the Trustee.

Dated: _____

Authorized Signature

Name of Transferee

Signature Guaranteed by

Name of Bank

By: _____

Title: _____

SCHEDULE A

\$47,111,000
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(CUATRO AT CITY HEIGHTS)
SERIES 2024C-1

Draw-Down Purchases

The installment reflected by the draw-down of this Bond may be registered only by the registered owner in person or by its duly authorized officer or attorney upon presentation hereof to the Bond Registrar, who shall make note thereof in the books kept for such purpose and in the registration blank below.

<i>Date of Draw-Down</i>	<i>Name of Registered Owner</i>	<i>Principal Amount</i>	<i>Signature of Bond Registrar</i>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

EXHIBIT A-2

FORM OF TAXABLE BOND

SUBJECT TO THE EXCEPTIONS SET FORTH IN SECTION 3.09 OF THE INDENTURE (HEREINAFTER DEFINED), THE PURCHASER OF THIS BOND MUST BE AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF SECTIONS 501(A)(1), (2), (3), OR (7) PROMULGATED UNDER REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR A “QUALIFIED INSTITUTIONAL BUYER” WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OF 1933 AND WILL BE REQUIRED TO EXECUTE AND DELIVER AN INVESTMENT LETTER AGREEMENT THAT WILL, AMONG OTHER THINGS RESTRICT TRANSFER OF THIS BOND.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BOND
(CUATRO AT CITY HEIGHTS)
SERIES 2024C-2 (TAXABLE)

No. _____

Dated Date: [Closing Date]

Registered Owner: Banner Bank, a Washington corporation

Maturity Date: [C-2 Maturity]

Interest Rate: As stated below

The Housing Authority of the City of San Diego (hereinafter called the “**Issuer**”), a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California, for value received hereby promises to pay (but only from the sources and as hereinafter provided) to the Registered Owner specified above, or registered assigns, the principal amount of _____ Dollars (\$[C-2 Amount]), or so much of such maximum authorized principal amount as may have been purchased by the Owner of this Bond from time to time in accordance with the terms of this Bonds and Section 3.01(b) of the Indenture (described below) on the Maturity Date specified above, upon presentation and surrender of this Bond at the principal office of U.S. Bank Trust Company, National Association or its successor as trustee (the “**Trustee**”), under the Indenture, and to pay (but only from the sources and as hereinafter provided) interest on said principal amount at the interest rate set forth above, from and including the dated date hereof until the principal amount shall have been paid in accordance with the terms of this Bond and the Indenture, as and when set forth below, but only from the sources and as hereinafter provided, by wire transfer if there is one Owner of all of the Bonds or otherwise by check or draft mailed to the record Owners of Bonds as the same appear upon the books of registry to be maintained by the Trustee, as registrar.

This Bond is one of an authorized series of Bonds of the Issuer designated Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cuatro at City Heights), Series 2024C-2 (Taxable), and issued in the aggregate principal amount of \$[C-2 Amount] (collectively, the “**Bonds**”). The Bonds are issued for the purpose of funding a loan to Cuatro at City Heights LP, a California limited partnership (the “**Borrower**”), in order to finance a portion of

the costs of the acquisition, construction and equipping of a scattered-site project within the City of San Diego, California, to be known as “Cuatro at City Heights,” consisting of the following (collectively, the “**Project**”): (i) a 25-unit (including one manager’s unit) multifamily rental housing facility located at 4050 El Cajon Boulevard; (ii) a 21-unit multifamily rental housing facility located at 3951 University Avenue; and (iii) a 71-unit (including one manager’s unit) multifamily rental housing facility located at 4050 and 4102-4122 University Avenue.

THIS BOND IS BEING ISSUED AS A DRAW-DOWN BOND, IN THAT THE HOLDERS OF THE BONDS WILL PURCHASE THE PRINCIPAL AMOUNT OF THE BONDS IN INSTALLMENTS, AT PAR, IN ACCORDANCE WITH THE TERMS OF AND AS REQUIRED BY SECTION 3.01(b) OF THE INDENTURE. ACCORDINGLY, THE PRINCIPAL AMOUNT OF THE BONDS THAT HAVE BEEN PURCHASED BY THE HOLDERS AND ARE OUTSTANDING AT ANY GIVEN TIME MAY BE LESS THAN THE MAXIMUM PRINCIPAL AMOUNT OF THE BONDS AS SET FORTH ON THE FACE OF THIS BOND. UPON EACH PURCHASE OF A PORTION OF THE PRINCIPAL AMOUNT OF THE BONDS IN ACCORDANCE WITH THE TERMS OF SECTION 3.01(b) OF THE INDENTURE, THE TRUSTEE WILL NOTE IN A LOG MAINTAINED BY THE TRUSTEE FOR SUCH PURPOSE THE PRINCIPAL AMOUNT OF THE BONDS SO PURCHASED, THE DATE OF SUCH PURPOSE AND THE IDENTITY OF SUCH PURCHASER. THE RECORDS MAINTAINED BY THE TRUSTEE IN SUCH REGARD WILL BE CONCLUSIVE EVIDENCE OF THE PRINCIPAL AMOUNT OF THE BONDS WHICH HAVE BEEN PURCHASED AND ARE OUTSTANDING. IF PRESENTED TO THE TRUSTEE BY THE HOLDER OF THIS BOND, THE PRINCIPAL AMOUNT OF THE BONDS PURCHASED BY THE OWNER OF THIS BOND WILL BE NOTED BY THE TRUSTEE ON SCHEDULE 1 ATTACHED TO THIS BOND.

PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND IS REQUIRED TO BE MADE DIRECTLY TO THE REGISTERED OWNER HEREOF WITHOUT NOTATION HEREON. IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER ALL OR ANY PART OF THE PRINCIPAL OF OR INTEREST ON THIS BOND HAS BEEN PAID.

This Bond is issued under and pursuant to the Trust Indenture dated as of February 1, 2024, between the Issuer and the Trustee (as amended and supplemented from time to time, the “**Indenture**”), and the Act (as that term is defined in the Indenture). Reference is made to the Indenture and the Act for a full statement of their respective terms. Capitalized terms used herein and not otherwise defined herein have the respective meanings accorded such terms in the Indenture, which is hereby incorporated herein by reference. The Bonds issued under the Indenture are expressly limited to \$[C-2 Amount] in aggregate principal amount at any time Outstanding and are all of like tenor, except as to numbers and denominations. Pursuant to a Construction and Term Loan Agreement (the “**Loan Agreement**”) and a Promissory Note (Taxable) (the “**Note**”) dated as of February 1, 2024, the Borrower has agreed to make payments to the Trustee in amounts equal to amounts of principal of and interest on the Bonds.

This Bond and the interest thereon shall not be deemed to constitute or to create in any manner an indebtedness or obligation of the State or any county, municipality or political subdivision thereof, and will not constitute or result in the creation of an indebtedness of the State or any county, municipality or political subdivision thereof, but shall be limited obligations of the Issuer payable solely from the revenues and other funds pledged therefor and shall not be payable from any assets or funds of the Issuer other than the revenues and other funds pledged therefor, and neither the faith and credit nor the taxing power of the State or any county, municipality or political subdivision thereof is pledged to the payment of the principal of or the interest on this Bond. The Issuer has no taxing power.

THE OBLIGATIONS OF THE ISSUER ON THIS BOND ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (I) THE PAYMENTS MADE PURSUANT TO THE LOAN AGREEMENT AND THE TAXABLE NOTE, AND THE SECURITY THEREFOR PROVIDED BY THE MORTGAGE AND THE SECURITY AGREEMENT (AS THOSE TERMS ARE DEFINED IN THE INDENTURE) AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (II) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE.

Interest Rates. This Bond shall bear interest at the applicable rate provided below. On each Interest Payment Date, interest accrued through the day immediately preceding such Interest Payment Date shall be payable. While this Bond bears interest at the Variable Rate (or an Alternative Rate based upon the Variable Rate), interest on this Bond shall be computed on a 365/360-day basis (by applying the ratio of the per annum interest rate over 360, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding).

Variable Rate. Commencing on the Dated Date and ending on (and including) the Maturity Date or the date of redemption prior to maturity, this Bond shall bear interest at the Variable Rate (as defined in the Taxable Note).

Alternative Rate. Following the occurrence of an Event of Default under the Loan Agreement or an Event of Default under the Indenture, the Bonds shall bear interest at the Alternative Rate, as that term is defined in the Indenture.

Usury. Notwithstanding any provision of this Bond to the contrary, in no event shall the interest contracted for, charged or received in connection with this Bond (including any other costs or considerations that constitute interest under the laws of the State which are contracted for, charged or received pursuant to this Bond) exceed the maximum rate of nonusurious interest allowed under the laws of the State as presently in effect and to the extent of any increase allowable by such laws. To the extent permitted by law, interest contracted for, charged or received on this Bond shall be allocated over the entire term of this Bond, to the end that interest paid on this Bond does not exceed the maximum amount permitted to be paid thereon by law. Excess interest, if any, provided for in this Bond, or otherwise, shall be canceled automatically as of the date of such acceleration or, if theretofore paid, shall be credited as principal paid on this Bond.

Registration and Transfer. THIS BOND IS SUBJECT TO THE TRANSFER RESTRICTIONS SET FORTH IN SECTION 3.09 OF THE INDENTURE. This Bond is transferable by the registered owner hereof in person or by such registered owner's attorney duly authorized in writing at the office of the Trustee as registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds, of any authorized denomination or denominations, of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Bonds are issuable as fully registered Bonds in Authorized Denominations as provided in the Indenture. The Issuer, the Trustee, and any other person may treat the person in whose name this Bond is registered on the books of registry as the Owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and no person shall be affected by notice to the contrary.

Redemption of Bonds. This Bond is subject to optional and mandatory redemption (and purchase in lieu of redemption by the Borrower) prior to maturity as a whole or in part at such time

or times, under such circumstances, at such redemption prices and in such manner as is set forth in the Indenture.

Enforcement. Only the Servicer shall have the right to direct the Trustee to enforce the provisions of this Bond or the Indenture or to institute any action to enforce the covenants herein or therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. If an Event of Default occurs and is continuing, the principal of all Bonds then outstanding may be declared due and payable by the Servicer upon the conditions and in the manner and with the effect provided in the Indenture. As provided in the Indenture, and to the extent permitted by law, interest and a penalty rate of interest shall be payable on unpaid amounts due hereon.

Discharge. The Indenture prescribes the manner in which it may be discharged and after which the Bonds shall be deemed to be paid and no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of registration and exchange of Bonds and of such payment.

Modifications. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond shall not be valid or obligatory for any purpose until it shall have been signed on behalf of the Issuer, by the officer, and in the manner, provided in the Indenture, and authenticated by a duly authorized officer of the Trustee, as Authenticating Agent.

It is hereby certified and recited that all conditions, acts and things required by the statutes of the State or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist have happened and have been performed and that the issue of the Bonds, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by said statutes and said Act.

In the event of any inconsistency between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall control.

IN WITNESS WHEREOF, the Housing Authority of the City of San Diego has caused this Bond to be executed in its name by the manual or facsimile signature of its Senior Vice President Housing Finance & Property Management of the San Diego Housing Commission.

HOUSING AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____
Senior Vice President Housing Finance &
Property Management of the San Diego
Housing Commission

FORM OF CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Indenture and issued under the provisions of the within mentioned Indenture.

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

By: _____
Signature

Printed Name

Title

Date of Authentication: _____

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto the within and hereby authorizes the transfer of this Bond on the registration books of the Trustee.

Dated: _____

Authorized Signature

Name of Transferee

Signature Guaranteed by

Name of Bank

By: _____

Title: _____

SCHEDULE A

\$[C-2 Amount]
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(CUATRO AT CITY HEIGHTS)
SERIES 2024C-2 (TAXABLE)

Draw-Down Purchases

The installment reflected by the draw-down of this Bond may be registered only by the registered owner in person or by its duly authorized officer or attorney upon presentation hereof to the Bond Registrar, who shall make note thereof in the books kept for such purpose and in the registration blank below.

<i>Date of Draw-Down</i>	<i>Name of Registered Owner</i>	<i>Principal Amount</i>	<i>Signature of Bond Registrar</i>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

EXHIBIT B
FORM OF INVESTOR LETTER

_____, 20____

Housing Authority of the City of San Diego
1122 Broadway, Suite 300
San Diego, California 92101
Attention: Executive Director

U.S. Bank Trust Company, National Association
633 W. Fifth Street, 24th Floor
Los Angeles, California 90071

Re: \$47,111,000 Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cuatro at City Heights), Series 2024C-1 (the “**Tax-Exempt Bonds**”)

\$[C-2 Amount] Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cuatro at City Heights), Series 2024C-2 (Taxable) (the “**Taxable Bonds**”)

Ladies and Gentlemen:

The undersigned (the “**Investor**”) [as [custodian] [trustee] pursuant to a [custody agreement] [trust agreement] between [an affiliate of] the transferor of the Bonds, as [depositor] [trustor/grantor] and the Investor, as [custodian] [trustee] (the “**Custody Agreement**”)] hereby acknowledges receipt of \$_____ in aggregate principal amount of the Tax-Exempt Bonds and \$_____ in aggregate principal amount of the Taxable Bonds (collectively, the “**Bonds**”).

The undersigned acknowledges that the Bonds were issued for the purpose of making a mortgage loan to assist in the financing of the acquisition, construction and equipping of a scattered site project consisting of (i) a 25-unit (including one manager’s unit) multifamily rental housing facility located at 4050 El Cajon Boulevard; (ii) a 21-unit multifamily rental housing facility located at 3951 University Avenue; and (iii) a 71-unit (including one manager’s unit) multifamily rental housing facility located at 4050 and 4102-4122 University Avenue (collectively, the “**Project**”), as more particularly described in that certain Construction and Term Loan Agreement dated as of February 1, 2024 (the “**Loan Agreement**”), by and among the Housing Authority of the City of San Diego (the “**Issuer**”), Cuatro at City Heights LP, a California limited partnership (the “**Borrower**”) and Banner Bank, a Washington corporation (the “**Majority Owner**”). The undersigned further acknowledges that the Bonds are secured by a Trust Indenture dated as of February 1, 2024 (the “**Indenture**”), between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”), which creates a security interest in the trust estate described therein (the “**Trust Estate**”) for the benefit of the Owners of the Bonds.

In connection with the purchase of the Bonds by the Investor, the Investor hereby makes the following representations upon which you may rely:

1. The Investor has authority to purchase the Bonds [as [custodian] [trustee] under the Custody Agreement] and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.

2. [The Investor is the custodian/trustee under a custody agreement/trust agreement, which provides each beneficial owner of interests in the Bonds must be] [The Investor is] (i) an institutional “accredited investor” (as defined in Sections 501(a)(1), (2), (3), or (7) promulgated under Regulation D promulgated under the Securities Act of 1933, as amended) or a “qualified institutional buyer” (as defined in Rule 144A promulgated under the Securities Act of 1933, as amended), or (ii) a trust or custodial arrangement each of the beneficial owners of which is required to be an institutional accredited investor or qualified institutional buyer.

3. The Bonds are being acquired [as custodian/trustee under the custody agreement/trust agreement described above] [by the Investor for investment] and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Investor intends to hold the Bonds for its own account and for an indefinite period of time. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

4. The Investor understands that the Bonds are not registered under the Securities Act of 1933, as amended, and that such registration is not legally required as of the date hereof; and further understands that the Bonds: (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state; (b) will not be listed in any stock or other securities exchange; (c) will not carry a rating from any rating service; and (d) will be delivered in a form which is not be readily marketable.

5. The Investor understands that: (a) the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City of San Diego, the State of California or any political subdivision thereof and that the Issuer has no taxing power; (b) the Bonds do not and will not represent or constitute a general obligation or a pledge of the faith and credit of the Issuer, the San Diego Housing Commission, the City of San Diego, the State of California or any political subdivision thereof; and (c) the liability of the Issuer with respect to the Bonds is limited to the Trust Estate as set forth in the Indenture.

6. [The transferor of the Bonds (the “**Transferor**”) has represented to the Investor that it] [The Investor] has either been supplied with or been given access to information, including financial statements and other financial information, [which it considers necessary to make an informed decision to act as custodian/trustee in connection with the purchase of the Bonds] [to which a reasonable investor would attach significance in making investment decisions, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Borrower, the Project and the Bonds]. [The Transferor has represented to the Investor that it] [The Investor] has not relied upon the Issuer for any information in connection with its purchase of the Bonds.

7. The Investor acknowledges that neither the Issuer nor the Borrower has prepared an offering document with respect to the Bonds.

8. [The Transferor has represented to the investor that it][The Investor] has made its own inquiry and analysis with respect to the Bonds and the security therefor, and other material factors affecting the security and payment of the Bonds. [The Transferor has represented to the

Investor that it] [The Investor] is aware that the business of the Borrower involves certain economic variables and risks that could adversely affect the security for the Bonds.

9. Subject to the exceptions set forth in Section 3.09 of the Indenture, the Investor acknowledges that it has the right to sell and transfer the Bonds, in accordance with the terms of the Indenture, subject to the delivery to the Trustee of an investor's letter from the transferee in substantially the form attached to the Indenture as Exhibit B, with no revisions except as may be approved in writing by the Issuer.

Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Indenture.

Very truly yours,

[INVESTOR]

By:

Signature

Printed Name

Title

EXHIBIT C

\$47,111,000

**HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE BONDS
(CUATRO AT CITY HEIGHTS)
SERIES 2024C-1**

REDEMPTION SCHEDULE

Date of Redemption

Amount of Redemption

<i>Date of Redemption</i>	<i>Amount of Redemption</i>

EXHIBIT D

FORM OF REQUISITION

BORROWER: Cuatro at City Heights LP
PROJECT: Cuatro at City Heights
REQUISITION NO.: _____
In the Amount of \$ _____

TO: U.S. Bank Trust Company, National Association

Banner Bank (the "Majority Owner")
5901 Priestly Drive, Suite 160
Carlsbad, California 92008-8827
Attention: Loan No. [_____] [_____]

The Borrower hereby requests payments in the following amounts, from the following sources and to be made to the following parties, all as set forth on the Borrower's Request for Payment attached to this Requisition:

Amount	Source	Payable to:
	[identify name of Account & Fund in Indenture [proceeds of subordinate loans] or Capital Contributions]	[Borrower's account #] [third party payment/wire instructions must be attached]

Requisition - Contents and Attachments

- Borrower's Request for Payment
- Contractor's Application and Certification for Payment (AIA Form G-702) including change orders if applicable
- Paid Invoices Supporting Application-(AIA Form G-702), as appropriate
- Paid Invoices Supporting Borrower's Request for Payment, as appropriate
- Lien Waivers
- Architect's Certificate (If required by Majority Owner)
- Borrower's Representations and Warranties

The Borrower hereby requisitions the funds described above, and makes the representations and warranties attached hereto to the Issuer and the Trustee.

BORROWER:

CUATRO AT CITY HEIGHTS LP,
a California limited partnership

By: Cuatro at City Heights LLC,
a California limited liability company,
its managing general partner

By: Wakeland Housing and Development
Corporation, a California nonprofit
public benefit corporation, its sole
member and manager

By: _____
Peter Armstrong
Vice President of Real Estate
Development

The foregoing Requisition is consented to by Servicer.

SERVICER:

By: _____

Printed Name: _____

Title: _____

Date: _____

Borrower's Request for Payment

[Banner Bank Form]

[attach spreadsheets]

**Contractor's Application and Certification for Payment
(AIA Form G-702) including change orders if applicable**

Paid Invoices Supporting Application
(AIA Form G-702), as appropriate

Paid Invoices Supporting Borrower's Request for Payment, as appropriate

Lien Waivers

Architect's Certificate

(If required by Majority Owner)

Application for Payment No. _____

TO: U.S. Bank Trust Company, National Association ("Trustee")
Banner Bank ("Majority Owner")

FROM: [_____] ("Architect")

RE: Acquisition, construction, and equipping of a scattered-site project consisting of a 25-unit (including one manager's unit) multifamily rental housing facility located at 4050 El Cajon Boulevard, a 21-unit multifamily rental housing facility located at 3951 University Avenue, and a 71-unit (including one manager's unit) multifamily rental housing facility located at 4050 and 4102-4122 University Avenue (collectively, the "Project"), by Cuatro at City Heights LP, a California limited partnership ("Borrower").

We are the architect for the Project, and to induce Majority Owner and Servicer to approve advance loans of proceeds by the Trustee to assist in funding acquisition, construction and equipping of the Project, and knowing that Majority Owner and Servicer will rely on this certificate in doing so, we hereby certify as follows:

1. We inspected the Project on _____, 20__ and found the status of the Project on that date and the progress made on the Project since our last certificate to you dated _____, 20__ to be as follows:

2. We delivered the Plans and Specifications for the Project, copies of which have been delivered to you (the "Plans and Specifications"). We have made no changes to the Plans and Specifications except as you have approved in writing. There are no pending change orders or construction change directives except as follows:

3. All work to date has been done in accordance with the Plans and Specifications and in a good and workmanlike manner. All materials and fixtures usually furnished and installed or stored on site at the current stage of construction have been furnished, installed or stored on site. All of the work to date is hereby approved except as follows:

4. We have examined the requisition being submitted herewith to you by Borrower, which requisition includes and Application for Payment from _____ ("Contractor") respecting construction of the Project. The payment so applied for by Contractor does not exceed (when added to the payments heretofore applied for by and paid to Contractor) [90%] of the value of labor and materials incorporated into the Project.

5. We have been advised that as of this date there remains unexpended funds of \$ _____ which are available to fund construction costs, from which funds to pay the aforementioned Application for Payment will be deducted. In our opinion, such unexpended funds, after deduction of funds sufficient to cover both the current Application for Payment and the applicable retainage heretofore withheld and to become due on account of previous Applications, will be sufficient to pay for all construction costs reasonably required to complete the Project, provided that the amount advanced under the current application is, in fact, applied

against obligations incurred for labor and materials heretofore furnished on account of construction of the Project.

6. All permits, licenses, approvals and the like required to complete construction of the Project have been validly issued by the appropriate authorities and are in full force and effect, and there is no violation of any of the provisions thereof or of any legal requirements applicable to the Project of which we have notice or knowledge as of the date hereof except as follows:

7. Access to and egress from the Project and all improvements to be constructed thereon are in accordance with all applicable legal requirements. Water, drainage and sanitary sewerage facilities and telephone, gas and electric services of public utilities are or are due to be installed in the locations indicated on the Plans and Specifications and are adequate to serve the Project. All necessary approvals for installation of or connection to said facilities or services have been obtained.

8. To the best of our knowledge, there are no petitions, actions or proceedings pending or threatened to revoke, rescind, alter or declare invalid any laws, ordinances, regulations, permits, licenses or approvals for or relating to the Project.

9. No amendments, modifications or changes have been made to our contract dated _____, 20__ with the Borrower except such as have had your prior written approval.

10. Borrower is not in default of any of Borrower's obligations to us as of the date hereof except as follows:

This certificate is rendered based on our examination of the Project, the Plans and Specifications, the data comprising the Application for Payment and all other matters which we deem relevant. We are to incur no liability under this certificate except for failure to exercise due professional skill and diligence.

Executed as a sealed instrument this _____ day of _____, 20__.

[_____]

By: _____
Name _____
Title: _____

Borrower's Representations and Warranties

1. No changes have been made in the Plans and Specifications which require and have not received the prior approval of (i) the Bank under the terms of the Construction and Term Loan Agreement dated as of February 1, 2024 (the "Loan Agreement"), (ii) any Governmental Authority having jurisdiction over the Project or (iii) any other parties from whom such approval is required.

2. Construction of the Improvements has been performed in accordance with the Plans and Specifications.

3. As of the date hereof, the Borrower has executed change orders (increasing/decreasing) the cost of the Improvements by \$_____ in the aggregate, has notified the Consulting Engineer of such changes and, to the extent necessary, has received any and all necessary approvals from the Majority Owner.

4. Funding of this Requisition shall be in accordance with the terms and provisions of the (i) Loan Agreement, and (iii) the Trust Indenture dated as of February 1, 2024 with respect to the Bonds (the "Indenture").

5. All monies requisitioned by the Borrower for acquisition and construction and disbursed by the Trustee under previously approved requisitions have been paid to the Contractor and, to Borrower's best knowledge, all subcontractors, vendors and suppliers; all other funds requisitioned by the Borrower and disbursed by the Trustee under previously approved requisitions have been expended for the purpose for which they were requisitioned.

6. All of the information submitted to the Majority Owner and the Trustee in connection with this Requisition is true and accurate as of the date of submission.

7. The representations and warranties set forth in the Loan Documents are true and correct as of the date hereof with the same effect as if made on this date.

8. The Borrower represents and warrants that: (i) there has occurred no Event of default or event which, with the passage of time or the giving or notice or both, would constitute an Event of Default on the part of the Borrower or the Guarantor under the terms of the Loan Documents; (ii) except as previously disclosed by the Borrower to the Majority Owner, the Borrower has not received notice from or been informed by any Governmental Authority or the Consulting Engineer of any alleged deficiencies in the work performed to date or any deviation of such work from Plans and Specifications or notice of any assertion of a claim that the Improvements are not been constructed in accordance with all applicable Requirements; (iii) with the exception of any Permitted Liens, there are no liens against any portion of the Project or any other asset of the Borrower; and (iv) the Loan Documents are in full force and effect.

9. The Borrower represents and warrants that this Requisition is in the form of requisition required by the Bank.

10. The Borrower represents and warrants that, following payment of the amounts requested under this Requisition, not less than 95% of amounts paid from proceeds of the Tax-Exempt Bonds have been applied to the payment of Qualified Project Costs.

11. Attached hereto are copies of lien waivers from all such subcontractors and materialmen requisitioning payment under this Requisition, the originals of which have been delivered to the Title Insurance Company.

12. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto under the Loan Agreement.

Executed this ____ day of ____, ____.

CUATRO AT CITY HEIGHTS LP,
a California limited partnership

By: Cuatro at City Heights LLC,
a California limited liability company,
its managing general partner

By: Wakeland Housing and Development
Corporation, a California nonprofit
public benefit corporation, its sole
member and manager

By: _____
Peter Armstrong
Vice President of Real Estate
Development

CONSTRUCTION AND TERM LOAN AGREEMENT

Borrower:	CUATRO AT CITY HEIGHTS LP c/o Wakeland Housing and Development Corporation 1230 Columbia Street Suite 950 San Diego, California 92101 Attention: President and CEO	Issuer:	HOUSING AUTHORITY OF THE CITY OF SAN DIEGO 1122 Broadway Suite 300 San Diego, California 92101 Attention: Vice President of Multifamily Housing Finance
		Majority Owner:	BANNER BANK 5930 Granite Lake Drive Suite 170 Granite Bay, California 95746 Attention: Waheed Karim Loan Nos. 14018431 and 14018432

THIS CONSTRUCTION AND TERM LOAN AGREEMENT (this “**Agreement**”), dated as of February 1, 2024, is entered into by and between CUATRO AT CITY HEIGHTS LP, a California limited partnership (“**Borrower**”), 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**”), and BANNER BANK, a Washington corporation, and its successors and assigns, in its capacity as the “Majority Owner” under the Indenture described below (in such capacity, “**Majority Owner**”) on the terms and conditions set forth below. Borrower has applied to Issuer for (i) a tax-exempt loan in the principal amount of Forty-Seven Million One Hundred Eleven Thousand and No/100th Dollars (\$47,111,000) (the “**Tax-Exempt Loan**”), and (ii) a taxable loan in the principal amount of _____ and No/100th Dollars (\$) _____ (the “**Taxable Loan**”; and together with the Tax-Exempt Loan, the “**Loan**”), in each case, in order to construct the Improvements on the Real Property described below. The interests of the Issuer in this Agreement and the Note (defined below), excluding the Reserved Rights (defined below), have been assigned to ///[U.S. Bank Trust Company, National Association]///, as Bond Trustee (“**Bond Trustee**”), pursuant to a Trust Indenture dated as of February 1, 2024 (as amended and supplemented from time to time, the “**Indenture**”), between the Issuer and Bond Trustee. Issuer and Majority Owner are each executing this Agreement, and Issuer is willing to lend the loan amount to Borrower and Majority Owner is willing to purchase the Bonds described below, in each case, solely under the terms and conditions specified in this Agreement and in the Loan Documents, to each of which Borrower agrees. Borrower understands and agrees that: (a) in granting, renewing, or extending the Loan, Issuer and Majority Owner are each relying upon Borrower’s representations, warranties, and agreements as set forth in this Agreement, and (b) the Loan shall be and remain subject to the following terms and conditions of this Agreement.

WITNESSETH:

WHEREAS, the Issuer is a public body, corporate and politic, duly organized and existing under the Constitution and 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 “**Act**”), the Issuer is authorized and empowered to issue revenue bonds and apply the proceeds to make loans for the acquisition, construction and development of qualifying housing developments (defined in the Act to include buildings used to provide residential housing for four or more families); and

WHEREAS, Borrower has requested the Issuer to issue (i) its Multifamily Housing Revenue Bonds (Cuatro at City Heights) Series 2024C-1, in the original principal amount of \$47,111,000 (the “**Tax-Exempt Bonds**”) for the purpose of making the Tax-Exempt Loan, and (ii) its Multifamily Housing Revenue Bonds (Cuatro at City Heights) Series 2024C-2 (Taxable), in the original principal amount of \$_____ (the “**Taxable Bonds**”); and together with the Tax-Exempt Bonds, the “**Bonds**”) for the purpose of making the Taxable Loan to finance, in part, the acquisition and construction of a multifamily rental housing project (the “**Improvements**”) to be known as “Cuatro at City Heights”, which is located on certain real property in San Diego, California, more particularly described on Exhibit A to the Deed of Trust (the “**Land**”). The Land and the Improvements are sometimes collectively referred to herein as the “**Project**”. The Bonds shall be issued pursuant to the Indenture; and

WHEREAS, the Issuer deems it desirable and in keeping with its governmental purpose to issue the Bonds and lend the proceeds thereof to Borrower for the purposes described above under the terms and conditions contained in this Agreement; and

WHEREAS, to evidence the Loan, Borrower is executing, in favor of the Issuer, (i) that certain Promissory Note (Tax-Exempt) payable to the order of Issuer in the aggregate original principal amount of \$47,111,000 (as amended or supplemented from time to time, the “**Tax-Exempt Note**”) which Tax-Exempt Note provides for the repayment of the Tax-Exempt Loan in amounts sufficient to pay, when due, the principal of, premium, if any, and interest on the Tax-Exempt Bonds, and (ii) that certain Promissory Note (Taxable) payable to the order of Issuer in the aggregate original principal amount of \$_____ (as amended or supplemented from time to time, the “**Taxable Note**”) which Taxable Note provides for the repayment of the Taxable Loan in amounts sufficient to pay, when due, the principal of, premium, if any, and interest on the Taxable Bonds, in each case, which Note will be endorsed over to Bond Trustee; and

WHEREAS, Borrower has executed or caused to be executed and delivered to Issuer the Construction and Permanent Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (as amended or supplemented from time to time, the “**Deed of Trust**”) with respect to the Project to secure, among other things, the payments due under the Note and this Agreement, which Deed of Trust shall be assigned by the Issuer to the Bond Trustee pursuant to that certain Assignment of Deed of Trust and Loan Documents executed as

of even date herewith (as amended or supplemented from time to time, the “**Assignment of Deed of Trust**”); and

WHEREAS, in order to secure additional financing for the Project, Borrower has obtained a loan from the City of San Diego, California (the “**City**”), in the amount of \$4,000,000 (the “**City Loan**”). The City Loan is evidenced by that certain Promissory Note dated as of the Closing Date (“**City Note**”), made by Borrower to the order of the City. The City Note is secured by, among other things, that certain deed of trust dated as of even date with the City Note (the “**City Deed of Trust**”), made by Borrower, as trustor, for the benefit of City, as beneficiary, encumbering the Property, and being recorded in the Official Records of the County of San Diego, State of California (the “**Official Records**”), substantially concurrently with the recording of the Deed of Trust.

WHEREAS, in connection with the City Loan, Borrower executed that certain Regulatory Agreement and Declaration of Covenants, Conditions and Restrictions Restricting Use of Property for Affordable Housing (Cuatro at City Heights) dated as of the Closing Date (the “**City Regulatory Agreement**”), recording in the Official Records substantially concurrently with the Deed of Trust; and

WHEREAS, in order to secure additional financing for the Project, Borrower has obtained a commitment from the State of California Department of Housing and Community Development (“**HCD**”), to make a grant to Wakeland Housing and Community Development Corporation, a California nonprofit public benefit corporation (“**Sponsor**”) in the amount of \$5,343,500 (the “**IIG Grant**”) pursuant to (i) that certain Standard Agreement dated as of _____ (the “**IIG Grant Standard Agreement**”), by and between Sponsor and HCD, and (ii) that certain Disbursement Agreement dated on or about the Closing Date (the “**IIG Disbursement Agreement**”), by and between Borrower, Sponsor and HCD;

WHEREAS, in connection with the IIG Grant, HCD is requiring Borrower enter into that certain Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing dated on or about the Closing Date (the “**IIG Regulatory Agreement**”), recording in the Official Records substantially concurrently with the Deed of Trust; and

///**WHEREAS**, the Sponsor is making a loan to the Borrower utilizing the proceeds of the IIG Grant in the amount of \$5,343,500 (the “**IIG Sponsor Loan**”), pursuant to that certain Promissory Note dated on or about the Closing Date (“**IIG Sponsor Note**”), executed by Borrower for the benefit of Sponsor and secured by a deed of trust dated on or about the Closing Date (“**IIG Sponsor Deed of Trust**”), executed by Borrower for the benefit of Sponsor, recorded in the Official Records concurrently with the Deed of Trust; and///
///**WHEREAS**, in order to secure additional financing for the Project, AHP Lender has provided a loan to Sponsor (the “**AHP Sponsor Loan**”) which is evidenced by that certain promissory note dated on or about the Closing Date from Sponsor to AHP Lender (the “**AHP Sponsor Note**”), and Borrower has obtained a loan from Sponsor utilizing the proceeds of the AHP Sponsor Loan in the amount of \$1,000,000 (the “**AHP Borrower Loan**”); and together with the AHP Sponsor Loan, the “**AHP Loan**”) which is evidenced by that certain promissory

note dated on or about the Closing Date from Borrower to Sponsor (“**AHP Borrower Note**”), and is secured by a deed of trust dated on or about the Closing Date (“**AHP Deed of Trust**”), executed by Borrower for the benefit of Sponsor, recorded in the Official Records concurrently with the Deed of Trust; and

WHEREAS, to secure the Sponsor’s obligations under the AHP Sponsor Note, Sponsor has pledged and assigned all of its right, title and interest under the AHP Sponsor Note and the AHP Deed of Trust to AHP Lender pursuant to an assignment of deed of trust (“**AHP Assignment**”) which is recording in the Official Records substantially concurrently with the Deed of Trust; and]///

WHEREAS, in order to secure additional financing for the Project, Borrower has obtained a commitment from the State of California Department of Housing and Community Development (“**HCD**”), to make a permanent Loan to Borrower in the amount of \$8,443,317 (the “**VHHP Loan**”) pursuant to (i) that certain Standard Agreement dated as of _____ (the “**VHHP Loan Standard Agreement**”), by and between Borrower and HCD, (ii) that certain award letter dated as of _____ (the “**VHHP Loan Conditional Commitment**”), by and between Borrower and HCD, and (iii) that certain Estoppel executed by HCD for the benefit of Majority Owner and Investor Limited Partner and relating to the VHHP Loan (the “**VHHP Estoppel**”); and

WHEREAS, in order to secure additional financing for the Project, Borrower has obtained a commitment from HCD, to make a permanent Loan to Borrower in the amount of \$22,155,752 (the “**MHP Loan**”) pursuant to (i) that certain Standard Agreement dated as of _____ (the “**MHP Loan Standard Agreement**”), by and between Borrower and HCD, (ii) that certain conditional commitment dated as of _____ (the “**MHP Loan Conditional Commitment**”), by and between Borrower and HCD, and (iii) that certain Estoppel executed by HCD for the benefit of Majority Owner and Investor Limited Partner and relating to the MHP Loan (the “**MHP Estoppel**”); and

WHEREAS, additional funds shall be applied to the Project in the aggregate amount of \$ _____ (the “**Capital Contributions**”) from U.S. Bancorp Community Development Corporation, a Minnesota corporation, in its capacity as investor limited partner in Borrower (together with its permitted successors and assigns, “**Investor Limited Partner**”); and

AND WHEREAS, the execution and delivery of this Agreement and the issuance of the Bonds has been duly and validly authorized by the Issuer; and

NOW, THEREFORE, the Issuer, Borrower and Majority Owner, each in consideration of the representations, covenants and agreements of the other as set forth herein, mutually represent, covenant and agree as follows:

1. **TERM.** This Agreement shall be effective as of February __, 2024 (the “**Closing Date**”), and shall continue thereafter until all Indebtedness has been paid in full and all other obligations of Borrower hereunder have been performed in full.

2. DEFINITIONS. The following words shall have the following meanings when used in this Agreement. Terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the UCC. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

Advance. The word “Advance” means all advances on the Loan (defined below).

Affiliate. The word “Affiliate” means, with respect to any Person, (a) any other Person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, (i) such Person or (ii) any general partner of such Person; (b) any other Person 5% or more of the equity interest of which is held beneficially or of record by (i) such Person or (ii) any general partner of such Person, and (c) any general or limited partner of (i) such Person or (ii) any general partner of such Person. As used in the previous sentence, “control” means the possession, directly or indirectly, of the power to cause the direction of the management of a Person, whether through voting securities by contract, family relationship or otherwise.

Agreement. The word “Agreement” means this Construction and Term Loan Agreement, as this Construction and Term Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Construction and Term Loan Agreement from time to time.

AHAP. The words “AHAP” mean that certain Agreement to Enter Into a Housing Assistance Payment Contract effective as of _____, by and between Borrower and Contract Administrator.

AHP Borrower Loan. The words “AHP Borrower Loan” shall have the meaning given such term in the twelfth WHEREAS paragraph to this Agreement.

AHP Deed of Trust. The words “AHP Deed of Trust” shall have the meaning given such term in the twelfth WHEREAS paragraph to this Agreement.

AHP Lender. The words “AHP Lender” shall mean _____.

AHP Loan. The words “AHP Loan” shall have the meaning given such term in the twelfth WHEREAS paragraph to this Agreement.

AHP Loan Documents. The words “AHP Loan Documents” shall mean, collectively, the AHP Borrower Note, the AHP Sponsor Note, the AHP Deed of Trust, the AHP Assignment and any other document evidencing, securing, guaranteeing or otherwise relating to the AHP Loan.

AHP Sponsor Loan. The words “AHP Sponsor Loan” shall have the meaning given such term in the twelfth WHEREAS paragraph to this Agreement.

AHP Subordination Agreement. The words “AHP Subordination Agreement” means that certain Subordination Agreement between Bond Trustee, AHP Lender, Majority Owner

and Borrower, subordinating the AHP Deed of Trust to the lien and charge of the Deed of Trust.]///

Architect. The word “Architect” means Studio E Architects, Professional Corporation.

Architecture Contract. The words “Architecture Contract” means that certain AIA Standard Form of Agreement Between Owner and Architect for a Complete Project dated as of November 4, 2020, by and between Borrower and Architect.

Bond Documents. The words “Bond Documents” mean, collectively, the Indenture, the Regulatory Agreement, the Deed of Trust Assignment, the UCC-1 Financing Statement relating to the pledge to Bond Trustee under the Indenture and any other document (other than the Loan Documents) now or hereafter executed by Borrower, Issuer, Bond Trustee and/or Majority Owner in connection with the Bonds.

Bond Trustee. The words “Bond Trustee” mean ///[U.S. Bank Trust Company, National Association]///, and its successors and assigns under the Indenture.

Bonds. The word “Bonds” has the meaning set forth in the third WHEREAS paragraph above.

Borrower. The word “Borrower” means Cuatro at City Heights LP, a California limited partnership.

Budget. The word “Budget” shall mean that Project budget approved by Majority Owner and attached hereto as Exhibit B.

Business Day. The words “Business Day” mean a day other than a Saturday, a Sunday or a day on which lenders in the city in which the principal office of Majority Owner is located are authorized or obligated by law or executive order to close.

City. The word “City” shall have the meaning set forth in the seventh WHEREAS paragraph above.

City Deed of Trust. The words “City Deed of Trust” shall have the meaning given such term in the sixth WHEREAS paragraph to this Agreement.

City Loan. The words “City Loan” shall have the meaning given such term in the seventh WHEREAS paragraph to this Agreement.

City Loan Documents. The words “City Loan Documents” shall mean, collectively, the City Note, the City Deed of Trust, the City Regulatory Agreement, any purchase and sale or option agreement with the City, and any other document evidencing, securing, guaranteeing or otherwise relating to the City Loan.

City Regulatory Agreement. The words “City Regulatory Agreement” shall have the meaning given such term in the eighth WHEREAS paragraph to this Agreement.

City Subordination Agreement. The words “City Subordination Agreement” mean that certain Subordination Agreement among Bond Trustee, Majority Owner, City and Borrower, subordinating the City Deed of Trust and City Regulatory Agreement to the lien and charge of the Security Instrument.

Code. The word “Code” means the Internal Revenue Code of 1986, as amended.

Collateral. The word “Collateral” means and includes without limitation all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, deed of trust, assignment, pledge, chattel mortgage, chattel trust, factor’s lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Completion Date. The words “Completion Date” have the meaning set forth for such term in Section 15(g) of this Agreement.

Conditions to Conversion. The words “Conditions to Conversion” has the meaning set forth in the Tax-Exempt Note.

Construction Contract. The words “Construction Contract” mean and include any contract between Borrower and the General Contractor for the Project, and any subcontracts with subcontractors, materialmen, laborers, or any other person or entity for performance of work on the Project or the delivery of materials to the Project.

Construction Disbursement Account. The words “Construction Disbursement Account” mean the account held by the Majority Owner into which the proceeds of the Loan or any Borrower’s Funds will be deposited from time to time for the funding of a request for Advance, provided that Advances of the Loan or the Borrower’s Funds will only be deposited into the Construction Disbursement Account once all of the applicable conditions to the Advance of that portion of the Loan or the Borrower’s Funds to be deposited have been satisfied.

Contract Administrator. The words “Contract Administrator” shall mean the San Diego Housing Commission.

Conversion Date. The words “Conversion Date” shall have the meaning set forth in the Tax-Exempt Note.

Deed of Trust. The words “Deed of Trust” mean that certain Construction and Permanent Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of even date herewith, executed by Borrower (as trustor) in favor of Issuer (as beneficiary), to be recorded in the Official Records.

Deed of Trust Assignment. The words “Deed of Trust Assignment” mean that certain Assignment of Deed of Trust and Loan Documents dated as of even date herewith, by Issuer, in favor of Bond Trustee.

Default Rate. The words “Default Rate” has the meaning set forth in the Note.

Environmental Report. The words “Environmental Report” mean that certain Phase I Environmental Site Assessment dated as of _____, prepared by _____ as Project No. _____.

Equity Capital Contributions. The words “Equity Capital Contributions” mean the capital contributions shown on the schedule attached to the Agreement as Exhibit D to be made by Investor Limited Partner and General Partner pursuant to the terms and conditions, and subject to the adjustments, set forth in the Partnership Agreement.

Event of Default. The words “Event of Default” mean and include any of the Events of Default set forth below in Section 20.

Fiscal Year-End. The words “Fiscal Year-End” mean December 31 each year, unless and until Borrower changes its fiscal year, provided that any such change shall require Majority Owner’s prior written consent.

Force Majeure. The words “Force Majeure” mean a cessation of construction or rehabilitation caused by conditions beyond the control of Borrower, including, without limitation, acts of God or the elements, acts of war, acts of terrorism, fire, widespread disease or quarantine, pandemic and epidemic strikes and disruption of shipping, labor or material shortages or disruption, government instability.

General Contractor. The words “General Contractor” mean Allgire general Contractors, Inc., a California corporation.

General Partner. The words “General Partner” mean, collectively, Cuatro at City Heights LLC, a California limited liability company (“**Managing General Partner**”), and City Heights Community Development Corporation, a California non-profit public benefit corporation (“**Administrative General Partner**”), and any other person or entity that the partners of Borrower, with the express prior written consent of Majority Owner, select to be a general partner of Borrower.

Governmental Agency. The words “Governmental Agency” mean any governmental or quasi-governmental agency, board, bureau, commission, department, court, administrative tribunal or other instrumentality or authority, and any public utility.

Grantor. The word “Grantor” means Borrower and any other person or entity granting a Security Interest in any Collateral for the Indebtedness.

Guarantor. The word “Guarantor” means, collectively, Wakeland Housing and Development Corporation, a California nonprofit public benefit corporation, and any other

person or entity which may hereafter become a guarantor of any of the Borrower's obligations under the Loan.

HAP Contract. The words "HAP Contract" shall have the meaning set forth in Section 15(aa) of this Agreement.

HCD. The word "HCD" has the meaning set forth in the ninth WHEREAS paragraph above.

HCD Subordination Agreement. The words "HCD Subordination Agreement" mean that certain Subordination Agreement between Bond Trustee, HCD, Majority Owner and Borrower, subordinating the IIG Regulatory Agreement to the lien and charge of the Deed of Trust.

IIG Disbursement Agreement. The words "IIG Disbursement Agreement" shall have the meaning given such term in the ninth WHEREAS paragraph to this Agreement.

IIG Grant. The words "IIG Grant" have the meaning set forth in the ninth WHEREAS paragraph above.

IIG Grant Documents. The words "IIG Grant Documents" mean, collectively, the IIG Standard Agreement, the IIG Disbursement Agreement and the IIG Regulatory Agreement, together with all other documents and agreements evidencing, securing or relating to the IIG Grant.

IIG Regulatory Agreement. The words "IIG Regulatory Agreement" have the meaning set forth in the tenth WHEREAS paragraph above.

///**IIG Sponsor Deed of Trust.** The words "Sponsor Deed of Trust" shall have the meaning given such term in the eleventh WHEREAS paragraph to this Agreement.

IIG Sponsor Loan. The words "Sponsor Loan" shall have the meaning given such term in the eleventh WHEREAS paragraph to this Agreement.]///
[

IIG Sponsor Loan Documents. The words "Sponsor Loan Documents" shall mean, collectively, the Sponsor Note, the Sponsor Deed of Trust and any other document evidencing, securing, guaranteeing or otherwise relating to the Sponsor Loan.

IIG Standard Agreement. The words "IIG Standard Agreement" shall have the meaning given such term in the ninth WHEREAS paragraph to this Agreement.

Improvements. The word "Improvements" means and includes without limitation all existing and future buildings, structures, facilities, fixtures, additions, and similar construction on the Property.

Indebtedness. The word "Indebtedness" means all principal and interest payable under the Note and any amounts expended or advanced by Majority Owner to discharge obligations

of Borrower or expenses incurred by Majority Owner to enforce obligations of Borrower under this Agreement or any of the Loan Documents, together with interest on such amounts as provided in the Note.

Indemnity Agreement. The words “Indemnity Agreement” means that certain Hazardous Waste Warranty and Indemnification Agreement dated as of even date herewith, from Borrower and Guarantor to Issuer, Bond Trustee and Majority Owner.

Interim Construction Loan Maturity Date. The words “Interim Construction Loan Maturity Date” shall have the meaning set forth in the Tax-Exempt Note.

Investor Limited Partner. The words “Investor Limited Partner” shall have the meaning set forth in the sixteenth WHEREAS paragraph in the recitals above.

Issuer. The word Issuer means Housing Authority of the City of San Diego.

Issuer Annual Fee. The words “Issuer Annual Fee” have the meaning given to the term “Authority Fee” in the Bond Regulatory Agreement.

Loan. The word “Loan” shall have the meaning set forth in the introductory paragraph to this Agreement.

Loan Documents. The word “Loan Documents” means, collectively, this Agreement, the Note, the Deed of Trust, the Deed of Trust Assignment, all promissory notes, credit agreements, loan agreements, guaranties, security agreements, mortgages, deeds of trust and all other agreements, documents and instruments whether now or hereafter existing executed by Borrower, General Partner or Guarantor in connection with the Indebtedness. The Loan Documents include, but are not limited to, the documents listed on Exhibit E attached hereto.

Loan Fee. The words “Loan Fee” means, collectively, \$_____, which represents the aggregate of (i) a loan fee payable to Majority Owner for the amount of \$_____ relating to the construction phase of the Loan, and (ii) the loan fee payable to Majority Owner for the Loan \$_____ relating to the permanent phase of the Loan.

Loan Funds. The words “Loan Funds” mean the undisbursed proceeds of the Loan under this Agreement together with any equity funds or other deposits required from Borrower under this Agreement.

Maturity Date. The words “Maturity Date” have the meaning given that term in the Tax-Exempt Note or Taxable Note, as applicable.

MHP Conditional Commitment. The words “MHP Conditional Commitment” shall have the meaning given such term in the fifteenth WHEREAS paragraph to this Agreement.

MHP Documents. The words “MHP Documents” mean the MHP Standard Agreement, the MHP Conditional Commitment and the MHP Estoppel, and following the

Conversion Date, shall include the “MHP Loan Documents”, as defined in the Tax-Exempt Note.

MHP Estoppel. The words “MHP Estoppel” shall have the meaning given such term in the fifteenth WHEREAS paragraph to this Agreement.

MHP Loan. The words “MHP Loan” shall have the meaning given such term in the fifteenth WHEREAS paragraph to this Agreement.

MHP Standard Agreement. The words “MHP Standard Agreement” shall have the meaning given such term in the fifteenth WHEREAS paragraph to this Agreement.

Note. The word “Note” means, collectively, the Tax-Exempt Note, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for that promissory note (as assigned to Bond Trustee), and the Taxable Note, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for that promissory note (as assigned to Bond Trustee).

Official Records. The words “Official Records” mean the Official Records of the County of San Diego, State of California.

Owner. The word “Owner” shall have the meaning given such term in the Indenture.

Parcel 3. The words “Parcel 3” shall mean the portion of the Real Property which is described on Exhibit A as Parcel 3.

Parcel 3 Commercial Space. The words “Parcel 3 Commercial Space” mean the approximately ____ square feet of commercial space to be located on the ///[first floor]/// of the Improvements to be constructed on Parcel 3 in accordance with the Plans and Specifications.

Parcel 4. The words “Parcel 4” shall mean the portion of the Real Property which is described on Exhibit A as Parcel 4.

Parcel 4 Commercial Space. The words “Parcel 4 Commercial Space” mean the approximately ____ square feet of commercial space to be located on the ///[first floor]/// of the Improvements to be constructed on Parcel 4 in accordance with the Plans and Specifications.

Parcel Map. The words “Parcel Map” shall mean that certain Parcel Map for the Property in the form approved by Lender pursuant to the terms and conditions of Section ____ of this Agreement.

Partnership Agreement. The words “Partnership Agreement” mean that certain Amended and Restated Agreement of Limited Partnership of Borrower dated as of _____, among Managing General Partner, Administrative General Partner, Investor Limited Partner, and Sponsor, as withdrawing limited partner.

Permitted Transfer. The words “Permitted Transfer” shall mean, collectively, the following:

(i) Issuance of limited partner interests in Borrower as contemplated in the Partnership Agreement;

(ii) the transfer by the Investor Limited Partner of its ownership interests in Borrower to any other entity which is an Affiliate of the Investor Limited Partner or which is controlled directly or indirectly by U.S. Bancorp Community Development Corporation, provided Majority Owner receives prior written notice of such transfer which notice shall include the name of the transferee;

(iii) After all Equity Capital Contributions have been made by Investor Limited Partner, Majority Owner shall not unreasonably withhold its consent to the transfer by Investor Limited Partner of its ownership interests in Borrower to any other entity; and

(iv) The removal of a General Partner, in accordance with the Partnership Agreement, of Borrower as a result of any default by such General Partner under the Partnership Agreement and the substitution of the Investor Limited Partner or an Affiliate thereof which is controlled directly or indirectly by U.S. Bancorp Community Development Corporation (“**Substitute General Partner**”), as a general partner of Borrower (in place of the removed General Partner), but only so long as, within ninety (90) days (or such longer period of time granted by Majority Owner in its sole and absolute discretion) after the removal of General Partner, the Substitute General Partner transfers its general partnership interest to a new General Partner approved by Majority Owner in Majority Owner’s sole and absolute discretion.

Person. The word “Person” means any entity, whether an individual, trustee, corporation, partnership, limited liability company, trust, unincorporated organization, Governmental Agency or otherwise.

Plans and Specifications. The words “Plans and Specifications” mean the scope of work for the Project which has been approved and initialed by Majority Owner, together with such changes and additions as may be approved by Majority Owner in writing.

Project. The word “Project” means the construction of the Improvements on the Property, including, without limitation, installation of equipment and fixtures, landscaping, and all other work necessary to make the Property usable and complete for the intended purposes. The Project includes the following work: the construction of a 115-unit (plus two (2) managers) apartment project located on the Real Property, all in accordance with the Plans and Specifications approved by Majority Owner.

Project Documents. The words “Project Documents” mean the Plans and Specifications, all studies, data and drawings relating to the Project, whether prepared by or for

Borrower, the Construction Contract, and all other contracts and agreements relating to the Project or the construction of the Improvements.

Property. The word “Property” means the Real Property together with all Improvements, all equipment, fixtures, and other articles of personal property now or subsequently attached or affixed to the real property, together with all accessions, parts, and additions to, all replacements of, and all substitutions for any of such property, and all proceeds (including insurance proceeds and refunds of premiums) from any sale or other disposition of such property.

Real Property. The words “Real Property” mean the real property located in in County of San Diego, State of California, and legally described as:

See Exhibit A attached to the Deed of Trust and by this reference incorporated herein.

Regulatory Agreements. The words “Regulatory Agreements” mean, collectively: (i) that certain Regulatory Agreement and Declaration of Restrictive Covenants dated as of February 1, 2024, between Issuer and Borrower (“**Bond Regulatory Agreement**”); (ii) the City Regulatory Agreement, (iii) the SDHC Density Bonus Covenant, and (iv) the IIG Regulatory Agreement. From and after the Conversion Date, “Regulatory Agreements” shall include all regulatory agreements executed by Borrower in connection with the MHP Loan and/or the VHHP Loan.

Reserved Rights. The words “Reserved Rights” mean those certain rights of the Issuer under this Agreement and/or the Regulatory Agreement, as the case may be, to indemnification and to payment or reimbursement of fees and expenses of the Issuer, indemnity payments, its right 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 attorneys’ fees and related expenses, its right to enforce the Borrower’s covenant to comply with applicable federal tax law and State law, its right to receive notices and to consent to any matter thereunder, the right to demand specific performance under the Regulatory Agreement, and to the extent not included above, the rights specifically reserved by the Issuer under the Indenture.

SDHC. The word “SDHC” means the San Diego Housing Commission.

SDHC Deed of Trust. The words “SDHC Deed of Trust” shall mean that certain deed of trust from Borrower to SDHC and securing Borrower’s obligations under the SDHC Density Bonus Covenant.

SDHC Density Bonus Covenant. The words “SDHC Density Bonus Covenant” mean that certain Affordable Housing Density Bonus and Inclusionary Ordinance Compliance Agreement Imposing Covenants, Conditions and Restrictions on Real Property (Cuatro at City Heights) between Borrower and SDHC and to be recorded in the Official Records substantially concurrently with the Deed of Trust.

SDHC Documents. The words “SDHC Documents” shall mean, collectively, the SDHC Deed of Trust, the SDHC Density Bonus Covenant, and any other document evidencing, securing, guaranteeing or otherwise relating to the SDHC Density Bonus Covenant obligations.

SDHC Subordination Agreement. The words “SDHC Subordination Agreement” mean that certain Subordination Agreement among Bond Trustee, Majority Owner, SDHC and Borrower, subordinating the SDHC Deed of Trust and SDHC Density Bonus Covenant to the lien and charge of the Deed of Trust.

Security Agreement. The words “Security Agreement” mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Documents. The words “Security Documents” means, collectively, the Deed of Trust, any other Security Agreement, the Replacement Reserve Agreement, any UCC-1 or UCC-2 Financing Statement filed by Issuer, Bond Trustee or Majority Owner, and any other mortgage, deed of trust, security agreement or assignment now, heretofore or hereafter executed to secure the obligations of Borrower or any Guarantor to Issuer, Bond Trustee or Majority Owner under any Loan Document.

Security Interest. The words “Security Interest” mean and include without limitation any type of collateral security, whether in the form of a lien, charge, mortgage, deed of trust, assignment, pledge, chattel mortgage, chattel trust, factor’s lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device for this Loan.

Sponsor. The word “Sponsor” shall have the meaning given such term in the ninth WHEREAS paragraph to this Agreement.

///**Sponsor Subordination Agreement.** The words “Sponsor Subordination Agreement” means that certain Subordination Agreement between Bond Trustee, Sponsor, Majority Owner and Borrower, subordinating the IIG Sponsor Deed of Trust to the lien and charge of the Deed of Trust.]///
[

Subordinate Financing. The words “Subordinate Financing” mean, collectively, ///**[the IIG Sponsor Loan (utilizing the IIG Grant)]**///**, ///**[the AHP Loan]**/// **and the City Loan. From and after the Conversion Date, the “Subordinate Financing” shall include the VHHP Loan and the MHP Loan.****

Subordinate Lenders. The words “Subordinate Lenders” mean, collectively, AHP Lender, Sponsor and City.

Subordinate Loan Documents. The words “Subordinate Loan Documents” mean, collectively, the SDHC Documents, the City Loan Documents, the IIG Documents, ///**[the IIG Sponsor Loan Documents, the AHP Loan Documents]**///**, the MHP Loan Documents and the VHHP Loan Documents.**

Subordinate Loans. The words “Subordinate Loans” mean, collectively, the SDHC Loan ///[, the Sponsor IIG Loan, the AHP Loan]/// and the City Loan. From and after the Conversion Date, the “Subordinate Loans” shall include the VHHP Loan and the MHP Loan.

Subordination Agreements. The words “Subordination Agreement” mean, collectively, the SDHC Subordination Agreement, the City Subordination Agreement, the Sponsor Subordination Agreement, the HCD Subordination Agreement and the AHP Subordination Agreement.

Tax Certificate. The words “Tax Certificate” mean that certain Certificate as to Arbitrage dated the Closing Date, executed by the Issuer and Borrower, and Borrower’s Certificate Regarding Use of Proceeds dated as of the Closing Date, executed by the Borrower, relating to the Tax-Exempt Bonds.

Tax Credits. The words “Tax Credits” means all federal and state low-income housing tax credits for the Property, allocated to the Project by the State of California, acting through its Tax Credit Allocation Committee (“TCAC”) under Section 42 of the Internal Revenue Code (the “Code”).

Tax-Exempt Bonds. The words “Tax-Exempt Bonds” have the meaning set forth in the third WHEREAS paragraph above.

Tax-Exempt Note. The words “Tax-Exempt Note” have the meaning set forth in the fifth WHEREAS paragraph above.

Taxable Bonds. The words “Taxable Bonds” have the meaning set forth in the third WHEREAS paragraph above.

Taxable Note. The words “Taxable Note” have the meaning set forth in the fifth WHEREAS paragraph above.

Term Loan. The words “Term Loan” shall have the meaning set forth in the Tax-Exempt Note.

Term Loan Maturity Date. The words “Term Loan Maturity Date” shall have the meaning set forth in the Tax-Exempt Note.

Title Policy. The words “Title Policy” mean the ALTA lender’s policy of title insurance required pursuant to this Agreement.

UCC. The words UCC mean the California Uniform Commercial Code.

VHHP Conditional Commitment. The words “VHHP Conditional Commitment” shall have the meaning given such term in the fourteenth WHEREAS paragraph to this Agreement.

VHHP Documents. The words “VHHP Documents” mean the VHHP Standard Agreement, the VHHP Conditional Commitment and the VHHP Estoppel, and following the Conversion Date, shall include the “VHHP Loan Documents”, as defined in the Tax-Exempt Note.

VHHP Estoppel. The words “VHHP Estoppel” shall have the meaning given such term in the fourteenth WHEREAS paragraph to this Agreement.

VHHP Loan. The words “VHHP Loan” shall have the meaning given such term in the fourteenth WHEREAS paragraph to this Agreement.

VHHP Standard Agreement. The words “VHHP Standard Agreement” shall have the meaning given such term in the fourteenth WHEREAS paragraph to this Agreement.

3. LOAN. The Tax-Exempt Loan shall be in the principal sum of Forty-Seven Million One Hundred Eleven Thousand and No/100th Dollars (\$47,111,000) and shall bear interest on so much of the principal sum as shall be advanced pursuant to the terms of this Agreement, the Loan Documents and the Indenture. The Tax-Exempt Loan shall bear interest on each Advance from the date of the Advance in accordance with the terms of the Tax-Exempt Note. The Taxable Loan shall be in the principal sum of _____ and No/100th Dollars (\$ _____) and shall bear interest on so much of the principal sum as shall be advanced pursuant to the terms of this Agreement, the Loan Documents and the Indenture. The Taxable Loan shall bear interest on each Advance from the date of the Advance in accordance with the terms of the Taxable Note. Borrower shall use the proceeds of the Loan solely for the payment of (a) the costs of acquiring and constructing the Improvements and equipping the Project in accordance with the Plans and Specifications and the Budget; (b) other costs and expenses incurred or to be incurred in connection with the construction of the Improvements as Majority Owner, in its sole discretion, shall approve; and (c) if permitted by Majority Owner, interest due under the Note during construction; provided, however, that in no event shall proceeds of the Tax-Exempt Loan be applied in a manner that is inconsistent with the requirements of Sections 10(a) or 17 hereof. The obligation of Borrower to repay the Tax-Exempt Loan shall be evidenced by the Tax-Exempt Note and the obligation of Borrower to repay the Taxable Loan shall be evidenced by the Taxable Note. The proceeds of the Tax-Exempt Loan shall be disbursed in full prior to the disbursement of any Taxable Loan proceeds. Contemporaneously with the issuance of the Bonds, the Issuer will endorse the Note without recourse to the order of the Bond Trustee, as the assignee of the Issuer. Borrower will repay the Loan in accordance with the provisions of the Note and this Agreement.

4. LOAN REPAYMENT AND PAYMENT OF OTHER AMOUNTS. Borrower hereby acknowledges its indebtedness to the Issuer and covenants to repay the Loan, and to pay interest on the amount of the Loan outstanding from time to time in accordance with the following:

(a) Subject to any limitation set forth in the Note and the paying to Majority Owner of any applicable “Prepayment Premium” described therein, Borrower may, at its option, prepay principal on the Note, in whole or in part, in order to effect a full or partial

redemption of the Bonds pursuant to Section 4.01 of the Indenture by paying to Bond Trustee an amount equal to the principal amount of the Bonds to be redeemed, together with all accrued and unpaid interest through the date of full or partial redemption of the Bonds on the portion of principal prepaid. Borrower shall give Majority Owner not less than fifteen (15) days' advance written notice of its intention to make a prepayment pursuant to this Section 4.

(b) Following the occurrence of an Event of Default under this Agreement and demand by Servicer for full redemption of the Bonds pursuant to Section 4.01(h) of the Indenture, Borrower shall immediately pay to Bond Trustee the full amount of outstanding principal of the Note, together with all accrued and unpaid interest thereon through the date of redemption of the Bonds.

(c) For so long as any principal of the Loan is outstanding, Borrower shall pay to Bond Trustee (i) on or before the first Business Day of each month, an amount equal to the interest accrued on the Loan during the previous month as determined pursuant to the Note, subject to Section 4(b) hereof.

(d) In the event of damage to or destruction or condemnation of the Project or any part thereof, if directed by Majority Owner, Borrower shall pay to Bond Trustee, for full or partial redemption of the Bonds pursuant to Section 4.01(b) of the Indenture, such portion of the Loan as is required to be paid pursuant to the paragraph entitled "Property Damage Insurance" set forth in the Deed of Trust, plus accrued and unpaid interest through the date of redemption of the Bonds, without premium.

(e) At Majority Owner's sole election following an Event of Default Borrower agrees to pay to Majority Owner, at the same time as the monthly payments pursuant to the section entitled "Payment" set forth in the Note, one-twelfth (1/12th) of the amount budgeted by Borrower for annual premiums for insurance required to be maintained pursuant to this Agreement and for real estate taxes or other charges for governmental service for the current year (except for utility charges) which shall be disbursed by Majority Owner from time to time.

(f) Borrower agrees to make such other payments to Bond Trustee, in the amounts and at the times necessary to enable the Bond Trustee, on behalf of the Issuer, to pay all amounts payable with respect to the Bonds when due, whether as principal of, premium, or interest on, or otherwise, and whether at maturity or by redemption (including mandatory sinking fund redemption) or acceleration or otherwise.

(g) Borrower also agrees to pay, (i) all taxes and assessments of any type or character charged to the Issuer or to the Majority Owner affecting the amount available to the Issuer or the Majority Owner from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Majority Owner and taxes based upon or measured by the net income of the Majority Owner; provided, however, that the Borrower shall have the right to protest any such

taxes or assessments and to require the Issuer or the Majority Owner, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer or the Majority Owner; (ii) all reasonable fees, charges and expenses of the Majority Owner for services rendered under the Indenture, as and when the same become due and payable; (iii) the fees of the Issuer, payable as set forth in Section 17 of the Bond Regulatory Agreement, all other fees required to be paid to the Issuer under the Bond Regulatory Agreement or any other agreement between the Issuer and Borrower, or any ordinance or regulation applicable to Borrower or the Project, any fees imposed by the Issuer in connection with any consents, waivers or amendments requested by Borrower, and the reasonable fees and expenses of the Issuer or any agents, attorneys, accountants, consultants selected by the Issuer to act on its behalf in connection with this Agreement, the Bond Regulatory Agreement, the Loan Documents, the Bonds or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation which may at any time be instituted involving this Agreement, the Bond Regulatory Agreement, the Agreement, the Loan Documents, the Bonds or the Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing; and (iv) these obligations and those in Section 5 and 25(k), below, shall remain valid and in effect notwithstanding repayment of the loan hereunder or termination of this Agreement or the Indenture.

(h) Borrower agrees: (i) to pay to each of Majority Owner and the Bond Trustee from time to time reasonable compensation for all services rendered by it (including the reasonable compensation, expenses and disbursements of its agents and counsel) under the Indenture and any other agreements relating to the Bonds to which Majority Owner or the Bond Trustee is a party, which shall include, without limitation, the Issuer Annual Fee (collectively, "**Ordinary Fees and Expenses**"); (ii) except as otherwise expressly provided in the Indenture, this Agreement or such other agreements related to the Bonds or the Project, to reimburse Majority Owner and the Bond Trustee upon its request for all reasonable expenses, disbursements and advances (including reasonable counsel fees) incurred or made by Majority Owner or the Bond Trustee (provided that Majority Owner shall not be required to make advances) in accordance with any provision of the Indenture or other agreements to which Majority Owner or the Bond Trustee is a party (including, but not limited to, the reasonable compensation and the expenses and disbursements of its agents and counsel and the cost of printing the Bonds), except any such expense, disbursement or advance (provided that Majority Owner or the Bond Trustee shall not be required to make advances) as may be attributable to its gross negligence or willful misconduct, (iii) to pay to an arbitrage consultant reasonable compensation for all services rendered by it, and (iv) to pay to the Bond Trustee any rebatable arbitrage required to be paid to the federal government.

(i) Borrower agrees to pay on the Maturity Date, (a) to Bond Trustee, the full amount of outstanding principal of the Note, together with all accrued and unpaid interest thereon through the Maturity Date and, (b) to Bond Trustee, Majority Owner or the Issuer, as

applicable, all other amounts due to the Bond Trustee, the Majority Owner or the Issuer (solely in its capacity as Issuer under the Bond Documents and Loan Documents) under the Loan Documents or the Bond Documents.

5. ADDITIONAL CHARGES. Borrower agrees to pay each and all of the following (collectively, the “**Additional Charges**”):

(a) upon the occurrence of a default under the Indenture or an Event of Default under this Agreement, to or upon the order of the Issuer or Majority Owner, when due, all reasonable fees of the Issuer, Majority Owner or the Bond Trustee for services rendered under the Indenture and any other amounts due under Section 4 and 25(k) hereof which are not included in Ordinary Fees and Expenses, and all reasonable fees and charges of any registrars, legal counsel, accountants, engineers, public agencies and others incurred in the performance, on request of the Issuer, of services required under the Indenture or this Agreement for which such persons are entitled to payment or reimbursement, provided that Borrower may, upon notice to the Issuer and without creating an Event of Default hereunder, contest in good faith the necessity or reasonableness of any such services, fees or expenses other than Ordinary Fees and Expenses, but the Issuer’s final decision shall control;

(b) (i) all indemnity payments required to be made under this Agreement and the Regulatory Agreements (such indemnity payments being due to the Issuer or Indemnified Party upon written demand therefor and accruing interest at the Default Rate sixty (60) days after notice of demand therefor); (ii) all reasonable expenses (including reasonable legal fees and expenses) incurred by the Issuer in exercising its rights under this Agreement or the Regulatory Agreement following an Event of Default; and (iii) all other reasonable expenses incurred by the Issuer in relation to the Project or the Bonds which are not otherwise required to be paid by Borrower under the terms of this Agreement or any separate fee agreement, including costs incurred as a result of a request by Borrower; and

(c) interest, at the Default Rate, on all payments not made by Borrower under Section 4, this Section 5(c) and Section 25(k) when due, to the parties entitled thereto.

6. MATURITY DATE. The initial Maturity Date of the Tax-Exempt Loan shall be the Interim Construction Loan Maturity Date (as defined in and as such date may be extended in accordance with the Tax-Exempt Note). If, in accordance with the terms and conditions of the Tax-Exempt Note, all of the “Conditions to Conversion” (as defined in the Tax-Exempt Note) are satisfied prior to the Interim Construction Loan Maturity Date (as such date may be extended in accordance with the Tax-Exempt Note), then the Maturity Date of the Tax-Exempt Loan shall be the Term Loan Maturity Date (as defined in the Tax-Exempt Note). The Maturity Date of the Taxable Loan shall be the Maturity Date (as defined in and as such date may be extended in accordance with the Taxable Note). The entire outstanding principal balance of the Loan, together with all accrued and unpaid interest owing under the Loan Documents, and together with all other amounts owing under the Loan Documents, including, but not limited to, all fees, costs and expenses owing under the Loan Documents, shall be and become due and payable in full on the Term Loan Maturity Date. All payments payable to Bond Trustee, Majority Owner and Issuer (solely in its capacity as Issuer under the Loan

Documents and Bond Documents), as applicable, under this Agreement, whether at the Maturity Date or otherwise, shall be paid in immediately available funds.

7. FEES AND EXPENSES. Whether or not the Loan shall be consummated, Borrower shall assume and pay upon demand all out-of-pocket expenses incurred by Issuer, Bond Trustee and Majority Owner in connection with the preparation of loan documents and the making of the Loan, including without limitation the following: (a) all closing costs, fees, and disbursements; (b) all expenses of and reasonable fees for legal counsel to Issuer, Bond Trustee and Majority Owner; and (c) all title examination fees, title insurance premiums, appraisal fees, survey costs, required fees, and filing and recording fees.

8. RECORDING OF SECURITY DOCUMENT. No Loan Funds shall be disbursed hereunder until: (a) Borrower has signed the Loan Documents to which Borrower is a party; (b) the Deed of Trust and other Security Interests in the Property have been duly recorded and perfected (or Majority Owner has agreed in writing, in its sole discretion, to a “gap closing” for the Loan, in which case the title company issuing the Title Policy has committed without reservation to (i) issue all policies as if recording had occurred as of such gap closing date regardless of the actual recording date of the Deed of Trust, and (ii) to record the Deed of Trust and any other Security Interests as soon as reasonably possible in the Official Records); and (c) Majority Owner has been provided evidence, satisfactory to Majority Owner, that Borrower has obtained all insurance required under this Agreement or any Loan Agreement and that Issuer’s liens on the Property and Improvements are valid perfected first liens, subject only to such exceptions, if any, acceptable to Majority Owner. In the event of a “gap closing” described above, Borrower shall cause the Title Company to record (and deliver to Majority Owner evidence thereof) the Deed of Trust and any other Security Instruments promptly following such “gap closing”.

9. REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Issuer, Bond Trustee and Majority Owner as of the date of this Agreement and as of the date of each disbursement of Loan proceeds:

(a) General.

(i) Access. The Property is contiguous to publicly dedicated streets, roads, or highways providing access to the Property.

(ii) Assessment of Property. The Property is and will continue to be assessed and taxed as independent parcels by all governmental authorities.

(iii) Authorization. The execution, delivery, and performance of this Agreement by Borrower, to the extent to be executed, delivered or performed by Borrower, (i) have been duly authorized by all necessary action by Borrower; (ii) do not require the consent or approval of any other person, regulatory authority or governmental body; and (iii) do not conflict with, result in a violation of, or constitute a default under (a) any provision of its articles of incorporation or organization, or bylaws, or any agreement or other instrument

binding upon Borrower or (b) any law, governmental regulation, court decree, or order applicable to Borrower.

(iv) Binding Effect. This Agreement, the Note and all other Loan Documents to which Borrower is a party (i) have been duly executed and delivered by Borrower, and (ii) are valid and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms.

(v) Compliance with Governing Authorities. Borrower has examined and is familiar with all the easements, covenants, conditions, restrictions, reservations, laws, rules, regulations, zoning ordinances, and federal, state, and local requirements applicable to the Project. The Project will at all times and in all respects conform to and comply with the requirements of all such easements, covenants, conditions, restrictions, reservations, laws, rules, regulations, zoning ordinances, and federal, state, and local requirements.

(vi) Financial Information. Each financial statement of Borrower delivered by Borrower or its general partners, agents or representatives to Majority Owner prior to the date hereof truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement so delivered to Majority Owner. Borrower has no material contingent obligations except as disclosed in such financial statements.

(vii) Hazardous Substances. The terms "hazardous waste," "hazardous substance," "disposal," "release," and "threatened release," as used in this Agreement, shall have the same meanings as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99 499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 49 U.S.C. Section 6901, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., the Hazardous Substance Account Act, California Health and Safety Code Section 25300, et seq., the Hazardous Waste Control Law, California Health and Safety Code Section 25100, et seq., the Medical Waste management Act, California Health and Safety Code Section 25015, et seq., and the Porter-Cologne Water Quality Control Act, California Health and Safety Code Section 13000, et seq., all regulations pertaining thereto, and all other statutes, laws and ordinances of the United States and of any state, county or municipality in which the Property or any portion thereof is located, or other applicable state or Federal laws, rules, or regulations adopted pursuant to any of the foregoing (collectively, the "**Environmental Laws**"). As used herein, the term "Hazardous Substance" shall mean any hazardous waste or hazardous substance. Except as disclosed in the Environmental Reports or otherwise disclosed to and acknowledged by Majority Owner in writing and except for those Hazardous Substances normally used in the construction and operation of a multifamily residential apartment project (which shall at all times be used and stored in compliance with all applicable Environmental Laws), Borrower represents and warrants to Majority Owner that: (a) during the period of Borrower's ownership of the Property, there has been no use,

generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any Person on, under, or about any of the Property; (b) Borrower has no actual knowledge of, or reason to believe that there has been, (i) other than those substances typically used in the construction and operation of a multifamily residential apartment project, any use or storage of any Hazardous Substance by any prior owners or occupants of any of the Property; (ii) any generation, manufacture, treatment, disposal, release, or threatened release of any Hazardous Substance by any prior owners or occupants of any of the Property, or (iii) any actual or threatened litigation or claims of any kind by any Person relating to such matters; and (c) (i) neither Borrower nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of, or release any Hazardous Substance on, under, or about the Property (except Hazardous Substances normally used in the construction and operation of a multifamily residential apartment project (which shall at all times be used and stored in compliance with all applicable Environmental Laws)) and (ii) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation those laws, regulations, and ordinances described above. Borrower authorizes Majority Owner and its agents, subject to the rights of tenants, to enter upon the Property to make such inspections and tests as Majority Owner may deem appropriate to determine compliance of the Property with this section of the Agreement. Any inspections or tests made by Majority Owner shall be for Majority Owner purposes only and shall not be construed to create any responsibility or liability on the part of Majority Owner to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Property for Hazardous Substances. Borrower hereby (a) releases and waives any future claims against Issuer, Bond Trustee and Majority Owner for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (b) agrees to indemnify and hold harmless Majority Owner against any and all claims, losses, liabilities, damages, penalties, and expenses which Issuer, Bond Trustee or Majority Owner may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Borrower's ownership or interest in the Property, whether or not the same was or should have been known to Borrower, except to the extent to which Issuer, Bond Trustee or Majority Owner itself, as applicable, released any Hazardous Substance in, on or under the Property. The provisions of this section of the Agreement, including the obligation to indemnify, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of the Deed of Trust and shall not be affected by acquisition by Issuer, Bond Trustee or Majority Owner of any interest in the Property, whether by foreclosure or otherwise.

(viii) Information. All information heretofore or contemporaneously herewith furnished by Borrower to Issuer, Bond Trustee or Majority Owner for the purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all information hereafter furnished by or on behalf of Borrower to Issuer, Bond Trustee or Majority Owner for the purposes of or in connection with this Agreement or any transactions contemplated hereby will be, true and accurate in every material respect on the date as of which such information is dated or certified; and none of such information is or will be incomplete by omitting to state any material fact necessary to make such information not misleading.

(ix) Lien Priority. Except as set forth in the Subordination Agreements or otherwise previously disclosed to Majority Owner in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Issuer's Security Interests and rights in and to such Collateral.

(x) Litigation and Claims. No litigation or claim (including those for unpaid taxes) against Borrower is pending or, to Borrower's actual knowledge, threatened which, if adversely determined, would materially and adversely affect Borrower's financial condition or properties, and no other event has occurred which is reasonably likely to materially and adversely affect Borrower's financial condition or properties, other than litigation, claims or other events, if any, that, prior to the date of this Agreement, have been disclosed to and acknowledged by Majority Owner in writing.

(xi) Organization. Borrower is a limited partnership that is, and at all times shall be, duly formed and validly existing under and by virtue of the laws of the State of California. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 1230 Columbia Street, Suite 950, San Diego, California 92101. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Majority Owner of any change in the location of Borrower's principal office. Borrower shall do all things necessary to preserve and to keep in full force and affect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

(xii) Preservation of Tax Exemption. Borrower covenants that Borrower will take all actions within its control (or the control of its affiliates) necessary to prevent interest on the Tax-Exempt Bonds from being included in gross income for federal income tax purposes (excluding any period during which the Tax-Exempt Bonds are held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code), and Borrower will neither take (nor allow any affiliate to take) any action, nor make or permit (nor allow any affiliate to make or permit) any use of proceeds of the Tax-Exempt Bonds or other funds of Borrower treated as proceeds of the Tax-Exempt Bonds at any time during the term of the Tax-Exempt Bonds which would cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes. Borrower also covenants that, to the extent arbitrage rebate requirements of Section 148 of the Code are applicable to the Tax-Exempt Bonds, Borrower will take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Tax-Exempt Bonds, including the calculation and payment of any penalties that Borrower has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Tax-Exempt Bonds from being included in gross income for federal income tax purposes.

(xiii) Project Costs. To Borrower's best knowledge, after investigation, the project costs set forth in the Budget are all of the costs and expenses necessary to complete the Improvements in a good and workmanlike manner, free of liens, and according to the Plans and Specifications approved by Majority Owner.

(xiv) Utility Services. All utility services appropriate to the use of the Project after completion of construction are available at the boundaries of the Property.

(xv) Title to Property. Borrower has, or on the date of first disbursement of Loan proceeds will have, good and marketable leasehold title to the Property and a fee estate in the improvements located thereon, free and clear of all defects, liens, and encumbrances, excepting only (i) liens for taxes, assessments or governmental charges or levies not yet delinquent, (ii) (A) the City Deed of Trust, the SDHC Deed of Trust, ///[the IIG Sponsor Deed of Trust]///, the IIG Regulatory Agreement, ///[and the AHP Deed of Trust]///, which must at all times be subordinate to the Deed of Trust, (B) the City Regulatory Agreement and the SDHC Density Bonus Agreement and (C) following its recordation, the Extended Use Agreement, and (iii) any other liens or encumbrances set forth on Schedule B, Part I of the Title Policy as approved by Majority Owner prior to the date of this Agreement.

(b) Bonds-Related Representations.

(i) Other than the Bonds, no other obligations have been or are expected to be issued under Section 103 of the Code for sale at substantially the same time as the Bonds are sold pursuant to a common plan of marketing and at substantially the same rate of interest as the Bonds and which are payable in whole or part by Borrower or otherwise have with the Bonds any common or pooled security for the payment of debt service thereon, or which are otherwise treated as the same "issue of obligations" as the Bonds as described in Revenue Ruling No. 81 216.

(ii) Borrower is not in the trade or business of selling properties such as the Project and has acquired the Project for investment purposes only or otherwise for use by Borrower in its trade or business. Therefore Borrower has no present intention to voluntarily sell, surrender or otherwise transfer, in whole or part, its interest in the Project in the foreseeable future, other than in connection with the purchase option granted to managing General Partner or Sponsor in the Partnership Agreement and any Permitted Transfer contemplated by the Partnership Agreement.

(iii) Borrower has reviewed and approved the provisions of the Indenture.

(iv) To the best of Borrower's knowledge, no member of the governing body of the Issuer or any other officer of the Issuer has any significant or conflicting interest, financial, employment or otherwise, in Borrower, the Project or the transactions contemplated hereby.

(v) The covenants, representations and warranties of Borrower in the Regulatory Agreement are true and correct as of the date hereof and are incorporated herein by reference and made a part of this Agreement.

(vi) Borrower has not entered into the transaction evidenced hereby with the actual intent to hinder, delay or defraud any creditor and Borrower has received reasonably equivalent value in exchange for its obligations hereunder and under the Deed of Trust and the Regulatory Agreement.

(vii) Borrower has no known material contingent liabilities except as created by the Partnership Agreement and under the Subordinate Loan Documents.

(viii) Borrower has no material financial obligation under any Indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which Borrower is a party or by which Borrower or the Project are otherwise bound, other than (a) obligations under this Agreement and the other Loan Documents to which Borrower is a party; (b) the Subordinate Loan Documents; and (c) obligations which may be incurred by Borrower from time to time in the ordinary course of business.

(ix) Borrower has not borrowed or received other debt financing that has not been heretofore repaid in full.

(x) Borrower is not (a) an “investment company” or a company “controlled by an investment company” within the meaning of the Investment Company Act of 1940, as amended; (b) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (c) subject to any other federal or state law or regulation which purports to restrict its ability to borrow money other than Article 15 of the California State Constitution.

(xi) Except as disclosed in the Title Policy, there are no pending or, to the knowledge of Borrower, proposed special or other assessments for public improvements affecting the Project, nor, to the knowledge of Borrower, are there any contemplated improvements to the Property that may result in such special or other assessments.

(xii) No statement of fact made by Borrower herein or in the Loan Documents to which Borrower is a party contains any untrue statement of a material fact or omits to state any material fact necessary to make statements made by Borrower herein or therein not materially misleading. There is no fact presently known to Borrower which has not been disclosed which materially adversely affects or, to the best of Borrower’s knowledge, would materially adversely affect the business, operations or conditions (financial or otherwise) of Borrower.

(xiii) All reports, documents, instruments, information and forms of evidence delivered to Majority Owner or Issuer by Borrower concerning the Loan or required by the Loan Documents are (or, in the case of materials prepared by persons other than

Borrower or its members or general partner, are to the best of Borrower's knowledge) accurate, correct and sufficiently complete to give Majority Owner or Issuer, as applicable, true and accurate knowledge of their subject matter.

(xiv) Borrower owns directly, and not through any affiliated entity, all of the personal property and fixtures necessary for the operation of the Property for the uses presently being conducted thereon.

(xv) Before any Guarantor became obligated in connection with the Loan, Borrower made full disclosure to such Guarantor regarding Borrower's financial condition and business operations, the present and former condition, uses and ownership of the Property and all other circumstances bearing upon Borrower's ability to pay and perform its obligations under the Loan Documents.

(xvi) Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which Borrower is a party or of which it is a beneficiary, including the Indenture; that it understands the 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 the transactions contemplated by the Bond Documents and the Indenture or otherwise relied on the Issuer for any advice.

(c) Representations and Warranties of Borrower Related to Certain Tax Matters. Borrower further represents and warrants that:

(i) as of the Closing Date, Borrower is in compliance with all requirements of the Tax Certificate, and the representations set forth in the Tax Certificate pertaining to Borrower and the Project are true and accurate;

(ii) the Bonds are not "federally guaranteed" as defined in Section 149(b) of the Code;

(iii) in accordance with Section 147(b) of the Code, the weighted average maturity of the Tax-Exempt Bonds does not exceed one hundred twenty percent (120%) of the weighted average reasonably expected economic life of the facilities (comprising the Project) financed with the proceeds of the Tax-Exempt Bonds, determined as of the date the Bonds are issued;

(iv) neither Borrower nor, to the best knowledge of Borrower, any "related person" to Borrower (within the meaning of Section 147(a)(2) of the Code), will purchase the Tax-Exempt Bonds pursuant to any arrangement, formal or informal;

(v) the information furnished by Borrower and used by the Issuer in preparing the certificate pursuant to Section 148 of the Code and information statement pursuant to Section 149(e) of the Code is accurate and complete as of the date of the issuance of the Tax-Exempt Bonds;

(vi) the acquisition and construction of the Project were not commenced prior to the sixtieth (60th) day preceding the Issuer's expression of intent with respect to the Project on April 6, 2023, and no obligation for which reimbursement will be sought from proceeds of the Tax-Exempt Bonds relating to the construction or equipping of the Project was paid or incurred prior to sixty (60) days prior to such date;

(vii) the Project is, as of the Closing Date, in compliance with all requirements of the Regulatory Agreement to the extent such requirements are applicable on the Closing Date and the representations and warranties of Borrower in Sections 2, 3, 4 and 5 of the Regulatory Agreement are true and correct;

(viii) Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Law, the Act and the Code, and pursuant to leases which comply with all applicable laws; and

(ix) no money on deposit in any fund or account in connection with the Tax-Exempt Bonds, whether or not such money was derived from other sources, will be used by or under the direction of Borrower in a manner which would cause the Tax-Exempt Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code.

(d) Survival of Representation and Warranties. Borrower understands and agrees that Majority Owner is relying upon the above representations and warranties in making the above referenced Loan to Borrower. Borrower further agrees that the foregoing representations and warranties shall be continuing in nature and shall remain in full force and effect until such time as Borrower's Loan and Note shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

10. TAX EXEMPTION; BOND REGULATORY AGREEMENT. Borrower (and with respect to Section 10(a), (b) and (c), the Issuer) hereby covenants, represents and agrees as follows:

(a) not to knowingly take or omit to take any action with respect to this Agreement (with respect to the Issuer) and not to take or omit to take any action with respect to this Agreement or the Project (solely with respect to Borrower) that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds (so long as the Tax-Exempt Bonds are not owned by a person or entity which is a "substantial user" of the Property);

(b) to take such action or actions, including amendment of the Bond Regulatory Agreement, to the extent deemed necessary in the opinion of Bond Counsel, to preserve or perfect the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes;

(c) at the expense of Borrower, to file of record such documents and take such other steps as are necessary in order to ensure that the requirements and restrictions of the

Bond Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of the Bond Regulatory Agreement in the real property records of San Diego County, California;

(d) to notify any subsequent owner of the Project of the requirements and restrictions contained in the Bond Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Bond Regulatory Agreement; and

(e) to provide to the Issuer notice of any action (other than actions in its ordinary course of business) which impacts the Issuer's rights hereunder or under the Bond Regulatory Agreement.

11. CONDITIONS PRECEDENT TO ISSUANCE OF BOND, CLOSING OF THE LOAN AND THE INITIAL ADVANCE. Issuer's obligation to issue the Bonds, Majority Owner's and Issuer's obligation to enter into this Agreement, the Bond Documents, and the Loan Documents and Majority Owner's obligation to consent to the initial Advance (the "**Initial Advance**") and each subsequent Advance under this Agreement shall be subject to the fulfillment as determined by Majority Owner, in its sole and absolute discretion, of all of each of the conditions set forth in this Agreement and the following conditions precedent:

(a) **Approval of General Contract.** Majority Owner shall have approved the contract with the General Contractor ("**General Contract**"), and Borrower shall have assigned all rights in this contract to Issuer pursuant to the document listed as item 7 on Exhibit E. Majority Owner shall have the right to communicate with any person to verify the facts disclosed by any application for any Advance, or for any other purpose.

(b) **Loan Fee and Other Fees and Expenses.** Borrower shall have paid to Majority Owner, in immediately available funds, (i) the Loan Fee, and (ii) all costs and expenses incurred by Issuer, Bond Trustee and Majority Owner in connection with the issuance of the Bonds, the making of the Loan and the negotiation and closing of the Loan Documents and Bond Documents, including but not limited to, all costs and expenses described in Section 25(k).

(c) **Equity Infusion.** Investor Limited Partner shall have made the first installment of Equity Capital Contributions shown on Exhibit D into the Project in the amount of \$_____, which sum shall be deposited with Bond Trustee into the Equity Account of the Project Fund or disbursed through escrow at Loan closing to pay Project Costs as set forth on the Budget. General Partner shall have made the first installment of its Equity Capital Contributions shown on Exhibit D in the amount of \$100 which amount shall be evidenced by a combination of prepaid development costs approved by Majority Owner and cash, which sum shall be deposited with Bond Trustee in the Equity Account of the Project Fund or disbursed through escrow at Loan closing to pay Project costs set forth on the Budget.

(d) Approval of Contractors, Subcontractors, and Materialmen.

Majority Owner shall have approved the General Contractor and a list of all contractors employed in connection with the construction of the Improvements, showing the name, address, and telephone number of each contractor, a general description of the nature of the work to be done, and labor and materials to be supplied, the names of materialmen, if known, and the approximate dollar value of the labor, work, or materials with respect to each contractor or materialmen. Majority Owner shall have the right to communicate with any person to verify the facts disclosed by the list or by any application for any Advance, or for any other purpose.

(e) Payment and Performance Bond.

Borrower shall have provided to Majority Owner the General Contractor's payment and performance bond in form acceptable to Majority Owner, issued by a surety acceptable to Majority Owner, for the full amount of the General Contract and which shall name Bond Trustee and Majority Owner each as dual obligees.

(f) Opinion of Counsel.

At Closing, Issuer and Majority Owner shall have received an opinion of one or more counsel selected by Borrower and reasonably satisfactory to Issuer and Majority Owner to the effect that (i) Borrower has the power and authority to execute and deliver the Note, Deed of Trust, this Agreement, and the Loan Documents; (ii) upon execution by the parties thereto and upon such recording or filing thereof as may be specified in the opinion, the Note, Deed of Trust, this Agreement, and the Loan Documents will be legal, valid and binding instruments, enforceable against the makers thereof in accordance with their respective terms; (iii) [Reserved]; (iv) in the event of the foreclosure or other method of enforcement of the remedies provided for in the Deed of Trust, any leases of the Property will, at Majority Owner's option, remain in full force and effect between the lessees thereunder and the Bond Trustee or any purchaser of the Property pursuant to such remedial action; and (v) as to such other matters incident to the transactions contemplated hereby, as Majority Owner may require. At Closing, Majority Owner shall have received an opinion of "Bond Counsel" and/or "Issuer Counsel", opining as to (A) the due formation, qualification and good standing of the Issuer, (B) the due execution delivery and performance by the Issuer of the Indenture, (C) the enforceability of the Indenture and (D) interest accruing on the Tax-Exempt Bonds being excluded from federal income tax pursuant to Section 103 of the Code (provided that such exclusion is not available with respect to interest on the Tax-Exempt Bonds for any period during which the Tax-Exempt Bonds are held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code);

(g) Plans and Specifications.

Majority Owner shall have received and accepted a complete set of Plans and Specifications setting forth all construction of the Improvements for the Project, which Plans and Specifications shall have been stamped as approved by the City.

(h) Subordination Agreements.

Borrower shall have provided to Majority Owner the Subordination Agreements and any other executed priority and subordination agreements as required and approved by Majority Owner.

(i) **Budget and Schedule of Estimated Advances.** Majority Owner shall have approved detailed budget and cash flow projections of total Project costs and a schedule of the estimated amount and time of disbursements of each Advance. This budget and schedule (the “**Budget**” and “**Schedule of Estimated Advances**”) are attached hereto as Exhibit B and by this reference incorporated herein. Majority Owner shall have determined to Majority Owner’s reasonable satisfaction that the Project can be constructed, operating and leased for a total cost not in excess of the final approved Budget.

(j) **Borrower’s Authorization.** Borrower shall have provided (and shall cause General Partner and Guarantor to provide, as applicable), in form and substance satisfactory to Majority Owner properly certified resolutions, duly authorizing the execution and delivery of the Loan Documents to which Borrower, General Partner and/or Guarantor are a party, and the consummation of the Project, and such other authorizations and other documents as Majority Owner in its sole discretion may require.

(k) **Zoning.** Borrower shall have furnished evidence reasonably satisfactory to Majority Owner that the Real Property is duly and validly zoned for the construction, maintenance, and operation of the Project.

(l) **Soils Test.** If required by Majority Owner, Borrower shall have provided Majority Owner with test of the Property’s soil. This report, prepared by an engineering firm acceptable to Majority Owner must indicate that the soil conditions of the Property are sufficient to support the Project.

(m) **Hazardous Substance Report.** Borrower shall have provided Majority Owner with a report showing that the Property is free from hazardous substances except as approved by Majority Owner. This report must be prepared by an environmental services company acceptable to Majority Owner (“**Environmental Consultant**”). The report should detail a site reconnaissance, research into appropriate environmental agency files, and a summary of findings and recommendations. Environmental Consultant shall issue reliance letters in favor of Majority Owner with respect to the Environmental Report in form and substance satisfactory to Majority Owner. A 50-year history of Property title and uses will also be provided.

(n) **Title Insurance.** Borrower shall have provided to Majority Owner an “LP-10” ALTA Lender’s extended coverage policy of title insurance (2006) with such endorsements as Majority Owner may reasonably require, issued by a title insurance company acceptable to Majority Owner and in a form, amount, and content reasonably satisfactory to Majority Owner, insuring or agreeing to insure that the Deed of Trust on the Property is or will be upon recordation a valid first lien on the Property free and clear of all defects, liens, encumbrances, and exceptions except those as specifically accepted by Majority Owner in writing (the “**Title Policy**”).

(o) **Insurance.** Unless waived by Majority Owner in writing, Borrower shall have delivered to Majority Owner the following insurance policies or evidence thereof: (a) an all risks course of construction and liability insurance policies covering the

Improvements issued in an amount and by a company acceptable to Majority Owner, containing a loss payable or other endorsement satisfactory to Majority Owner insuring Bond Trustee as mortgagee, together with such other endorsements as may be required by Majority Owner, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days' prior written notice to Majority Owner; (b) flood insurance if required by Majority Owner or applicable law; (c) property damage insurance on all of Borrower's inventory, equipment and assets for its replacement value, with Majority Owner designated as loss payee; (d) 6-month rent loss insurance; (e) fire and other risk insurance in the minimum sum of the full replacement cost of damaged or destroyed property; (f) public liability insurance in the minimum sum of \$1,000,000.00 per occurrence and \$2,000,000 in the aggregate; and (g) such other insurance as Majority Owner may require with respect to Borrower's Property and operations; all of the foregoing in form, amounts, coverages and with insurance companies reasonably acceptable to Majority Owner. Borrower, upon request of Majority Owner, will deliver to Majority Owner from time to time the policies or certificates of insurance in form satisfactory to Majority Owner, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days' days prior written notice to Majority Owner. In connection with all policies covering assets in which Majority Owner holds or is offered a security interest for the Loan, Borrower will provide Majority Owner with such loss payable or other endorsements as Majority Owner may require.

WARNING

UNLESS BORROWER PROVIDES MAJORITY OWNER WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED HEREIN, MAJORITY OWNER MAY PURCHASE INSURANCE AT BORROWER'S EXPENSE TO PROTECT MAJORITY OWNER'S INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT BORROWER'S INTEREST. IF THE COLLATERAL BECOMES DAMAGED, THE COVERAGE MAJORITY OWNER PURCHASES MAY NOT PAY ANY CLAIM BORROWER MAKES OR ANY CLAIM MADE AGAINST BORROWER. BORROWER MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT BORROWER HAS OBTAINED PROPERTY COVERAGE ELSEWHERE.

BORROWER IS RESPONSIBLE FOR THE COST OF ANY INSURANCE PURCHASED BY MAJORITY OWNER. THE COST OF THIS INSURANCE MAY BE ADDED TO THE INDEBTEDNESS. IF THE COST IS ADDED TO THE NOTE BALANCE, THE INTEREST RATE ON THE NOTE WILL APPLY TO THIS ADDED AMOUNT. THE CLOSING DATE OF COVERAGE MAY BE THE DATE BORROWER'S PRIOR COVERAGE LAPSED OR THE DATE BORROWER FAILED TO PROVIDE PROOF OF COVERAGE.

THE COVERAGE MAJORITY OWNER PURCHASES MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE BORROWER CAN OBTAIN ON BORROWER'S OWN AND MAY NOT SATISFY ANY NEED FOR PROPERTY DAMAGE COVERAGE OR ANY MANDATORY LIABILITY INSURANCE REQUIREMENTS IMPOSED BY APPLICABLE LAW.

(p) This Agreement, the Loan Documents and the Bond Documents.

This Agreement, each Related Document and the Bond Documents shall have each been duly executed, acknowledged (where applicable) and delivered by Borrower and/or the applicable parties thereto to Issuer and Bond Trustee, each in a form and substance approved by Majority Owner.

(q) Recordable Documents.

The SDHC Density Bonus Covenant, the Bond Regulatory Agreement, the City Regulatory Agreement, the Deed of Trust, the Deed of Trust Assignment, the City Deed of Trust, the City Subordination Agreement, the SDHC Deed of Trust, the SDHC Subordination Agreement, the IIG Regulatory Agreement, the HCD Subordination Agreement, ///[the IIG Sponsor Deed of Trust, the Sponsor Subordination Agreement, the AHP Deed of Trust and the AHP Subordination Agreement]///, shall have each been recorded in the Official Records, IN THAT ORDER. All UCC-1 Financing Statements required by Majority Owner in connection with the Loan shall have been filed with the Secretary of State of the State of California.

(r) Survey.

Borrower shall, at its sole expense, have delivered to Majority Owner, in form and substance reasonably satisfactory to Majority Owner:

(i) an ALTA survey (“**Survey**”) which (i) shows all “setbacks” and other restrictions applicable to the Property pursuant to requirements of Governmental Agencies and applicable covenants, conditions and other private restrictions, (ii) shows all easements, licenses and other rights of way, (iii) shows no encroachments onto the Property or from the Property onto adjoining property, and (iv) certifies the legal description of the Property as insured in the Title Policy; and

(ii) a certificate (the “**Surveyor’s Certificate**”) pursuant to which the person who prepared the ALTA survey certifies to Majority Owner and the applicable title insurer that the survey was made on the ground and in accordance with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys as adopted by the American Land Title Association and the American Congress on Surveying and Mapping, and is correct and complete; that access to the Property, and utilities shown on the survey, are sufficient and in accordance with applicable requirements; that the Property does not fall within a designated flood hazard area; and as to such other matters as Majority Owner reasonably requires.

(s) Financial Information.

Majority Owner shall have received and approved such financial statements, tax returns and other financial information as it may require regarding the financial condition of Borrower, each general partner of Borrower, each Guarantor and/or the Property.

(t) Material Project Agreements.

Majority Owner shall have received and approved in writing (i) the Architecture Agreement, (ii) any engineering contracts relating to the Project, and (iii) all other Project agreements with a contract price in excess of \$10,000.

(u) Appraisal.

Majority Owner shall have received, reviewed and approved in writing, an appraisal of the Property prepared by and appraiser selected by Majority Owner.

(v) **Payment of Fees and Expenses.** Borrower shall have paid to Majority Owner (i) the Loan Fee and (ii) all expenses specified in this Agreement as are then due and payable.

(w) **Subordinate Loan.** Majority Owner shall have received fully executed copies of all Subordinate Loan Documents, each in a form and substance approved by Majority Owner.

(x) **MHP Loan and VHHP Loan.** Majority Owner shall have received fully executed copies of the MHP Standard Agreement, MHP Conditional Commitment, the MHP Estoppel, the VHHP Standard Agreement, the VHHP Conditional Commitment and the VHHP Estoppel, each in a form and substance approved by Majority Owner.

(y) **Permits.** Borrower shall have furnished to Majority Owner copies of all grading, demolition and building permits (or a permit-ready letter setting forth that the only remaining condition for the issuance of permits is the payment of fees) and requisite approvals of any governmental body necessary for the construction and use of the Project (other than certificates of occupancy or similar permits that cannot be issued until the Project is complete).

(z) **AHAP.** Borrower shall have delivered to Majority Owner (i) a fully-executed AHAP in a form approved by Majority Owner in its sole and absolute discretion, pursuant to which Contract Administrator commits to enter into, upon completion of the Project, a Section 8 Housing Assistance Payments Contract covering ___ units in the Project and with a term of no less than ///[twenty (20) years]/// [DISCUSS – BANK’S TERM CANNOT EXCEED THE HAP CONTRACT] from completion of the Project (the “**HAP Contract**”), and (ii) the fully-executed Assignment of Agreement to Enter Into Housing Assistance Payments Contract (the “**Assignment of AHAP**”) (and Contract Administrator shall have consented in writing to such assignment, with such consent being in a form and substance approved by Majority Owner in its sole and absolute discretion).

(aa) **Accounts.** Borrower shall have established the Operating Account and the Construction Disbursement Account with Majority Owner.

12. CONDITIONS PRECEDENT TO EACH ADVANCE. Majority Owner’s obligation to consent to the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment as determined by Majority Owner, in its sole, but reasonable, discretion, of each of the conditions set forth in this Agreement and the following conditions precedent:

(a) **Satisfaction of the Initial Conditions.** All conditions precedent set forth in Section 11, above, shall have been satisfied on the Closing Date and shall continue to be satisfied as of the date of the Advance.

(b) **Satisfactory Construction.** Majority Owner shall have determined, based upon its own inspections or the inspections of Majority Owner’s Project Inspector or other evidence satisfactory to it, including a Property inspection report from Majority Owner’s

project inspector, that the Project is being constructed in a good and workmanlike manner and all materials and fixtures usually furnished and installed at that stage of construction shall have been furnished and installed, all in compliance with the Plans and Specifications in all material respects.

(c) **Supporting Documentation for Advances.** Borrower shall at its expense have obtained and attached to each application for an Advance (including AIA Application and Certificate for Payment (Document G702-1992) and Continuation Sheet (Document G703-1992) or a detailed equivalent) along with copies of applicable change orders in an acceptable form, including the Advance to cover final payment to any contractor, and an affidavit from any contractor that Borrower has paid all sums due for all work, labor, equipment, material done, supplied, performed, or furnished prior to such application for an Advance and that no party having lien rights filed any such liens, in form and substance satisfactory to Majority Owner, and otherwise satisfied the requirements for an Advance below in Section 13. The application must be accompanied with an itemized payee list including a summary and, as to soft costs, copies of all invoices, included in the application, together with any supplemental items required by Majority Owner, in its reasonable discretion. Any request for Advance for the payment of deposits, Majority Owner must receive a copy of the contract or proposal showing the gross amount of the contract to Majority Owner can make a determination as to the percentage of such deposit which is being requested. Any request for Advance for the payment of costs to install the elevator in the Project will also require the final inspection sign off by the proper inspecting authority.

(d) **Lien Waivers.** Majority Owner shall have received a conditional waiver of mechanic's lien and/or materialman's lien, executed by the General Contractor in the amount of the lienable costs of the Project payable from the requested advance, together with unconditional waivers of mechanic's lien and/or materialman's lien executed by the General Contractor and each subcontractor or materialmen to which any portion of the immediately preceding advance has been paid.

(e) **Stored Materials.** To the extent an Advance is requested for Stored Materials not yet installed or incorporated into the Project, Majority Owner shall not consent to any such advance unless, in addition to the satisfaction of the other conditions set forth in this Agreement, (a) Borrower provides Majority Owner and the Project Inspector with (i) copies of related bills of sale, receipts, invoices and bills of lading demonstrating that Borrower has good title to the Stored Materials free of any encumbrances, (ii) satisfactory evidence that (a) the place of storage for the Stored Materials is on the Land or in a secure or bonded warehouse located in the jurisdiction in which the Land is situated and is readily accessible, and (b) the owner of such facility has received written instruction from Borrower such that the Majority Owner shall have access and the right to remove the Stored Materials, (iii) satisfactory evidence that the materials are adequately secured and insured, with Banner Bank, ISAOA, identified as an additional insured and loss payee, and (iv) photographs of the Stored Materials; (a) to the extent requested by Majority Owner, Borrower shall also provide copies of UCC searches against Borrower, the materials vendor, the General Contractor, and the warehouseman, if applicable, indicating no liens or claims which may affect the Stored Materials; (b) all Stored Materials shall be clearly tagged with the Borrower's name and stored

separately to avoid commingling, and Majority Owner shall be provided with photos evidencing the same; and (c) Borrower shall provide Majority Owner, the Project Inspector and any applicable governmental agency or testing authority having jurisdiction over the Project with access to inspect, test or otherwise examine the Stored Materials. As used herein, "Stored Materials" means all materials, equipment, fixtures or articles of personal property purchased by Borrower to be placed or affixed in, on or to the Land or Improvements in connection with the construction of the Project which have not yet been incorporated in the Project.

(f) Lack of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement.

(g) Representations and Warranties. The representations and warranties in Section 9 and in the other Loan Documents shall be true and correct in all material respects as of the date of the Advance as though made as of that date, and, if required by Majority Owner, Majority Owner shall have received a certificate to that effect signed by Borrower.

(h) Date Down Endorsement. The title company that issued the Title Policy shall be prepared to issue a date down endorsement to the Title Policy insuring that the lien of the Deed of Trust is a first, prior and paramount lien against the Property and the Project securing all previous disbursements and the disbursement then being requested, and that nothing has intervened to affect the validity or priority of the Deed of Trust. If requested by Majority Owner, prior to Majority Owner's consent to the first Advance following the completion of each foundation for the Improvements, Majority Owner shall receive from the title company that issued the Title Policy, at Borrower's expense, a foundation endorsement to the Title Policy, showing no encroachments (and Borrower shall cause all conditions to the title company's issuance of the endorsement to be satisfied).

(i) No Stop Notice. No stop notice (whether bonded or not) shall have been serviced upon or otherwise delivered to Majority Owner in connection with the development of the Project or otherwise in connection with the Loan, unless Borrower shall have (a) paid and discharged the same, or (b) effected the release thereof by delivering to Majority Owner a surety bond complying with the requirements of applicable laws for such release.

(j) No Mechanics Liens. No claim of lien, notice and claim of mechanic's lien or other similar document or instrument shall have been recorded against the Property or any portion thereof, unless Borrower shall have (a) paid and discharged the same, or (b) effected the release thereof by delivering to Majority Owner a surety bond complying with the requirements of applicable laws for such release.

(k) Projected Cost Overruns. As of the date immediately prior to any requested Advance and after giving effect to the requested Advance, the Loan will be In-Balance under Section 15(o) and in Majority Owner's judgment Borrower should be able to finish the Project and pay for it without obtaining additional funds (other than any Capital Contributions designated as "Construction Sources" on Exhibit D).

(l) **Advances for Developer Fee.** Notwithstanding anything herein to the contrary, Majority Owner shall not be obligated to consent to Bond Trustee's advance any proceeds of the Loan (or make any disbursement of any amounts on deposit in the Borrower's Funds Account) for payment of or reimbursement for any portion of the developer fee payable to Borrower as shown on the Budget, so long as any default or Event of Default has occurred and remains uncured. In addition, payments for developer fee shall not be made from any source, exceed the amounts, or be made at any time except as set forth on Exhibit F attached hereto (the "**Permitted Developer Fee Payments**"). In addition, prior to the Conversion Date, no distribution of net operating income for the Project shall be made to Borrower, Guarantor, or any partner or affiliate of Borrower or Guarantor for any purpose, other than (i) Permitted Developer Fee Payments in strict accordance with the Budget, (ii) asset management fees due to any limited partner under the Partnership Agreement, or (iii) management fees made in accordance with the terms and conditions set forth in the Assignment of Management Agreement and the Partnership Agreement ("**Permitted Management Fees**"). After the Conversion Date, no distributions of net operating income from the Project shall be made to Guarantor, or any partner or affiliate of Borrower or Guarantor during any period when the Debt Service Coverage Ratio (as defined in the Note) for the Project is less than 1.00 to 1.00. In the event the Debt Service Coverage Ratio is at least 1.00 to 1.00 for any calendar year period, distributions of net operating income from the Project (after payment of debt service and provided that all required reserves are fully funded) shall be permitted, but only to the extent that, on a pro forma basis, the Debt Service Coverage Ratio (as defined in the Note) for the calendar year period would have not been less than 1.00 to 1.00 had the amount of the then proposed distribution been treated as a reduction in the amount of operating income generated by the Project for purposes of determining net operating income for the same period.

(m) **Borrower's Funds Account Deposits.** Borrower shall have made all deposits into the Borrower's Funds Account required under Section 15(o) below or otherwise in this Agreement.

(n) **Subordinate Loan Proceeds.** Borrower shall have cause the Subordinate Loan proceeds to be disbursed to pay Project costs if and to the extent required under Section 15(bb) of this Agreement.

13. DISBURSEMENT OF LOAN PROCEEDS. The following provisions relate to the disbursement of funds from the Loan Funds:

(a) **Loan Disbursements.** The proceeds of the Bonds shall be disbursed by Bond Trustee only in accordance with a written requisition of Borrower in the form attached to the Indenture, approved in writing by Majority Owner, which approval shall be granted by Majority Owner upon satisfaction or waiver by Majority Owner of the conditions set forth in Sections 11, 12 and 13 of this Agreement. No proceeds of the Bonds shall be disbursed after the earlier to occur of the initial Interim Construction Loan Maturity Date or the date that is three (3) years after the Closing Date, unless an opinion of Bond Counsel is delivered, which opinion states that such disbursement will not adversely affect the exclusion of interest on the Bonds from the gross income of the holders of the Bonds.

(b) Application for Advances. Each requisition shall be executed by Borrower, shall specify whether the request relates to the Tax-Exempt Loan and/or Taxable Loan, and shall be supported by such evidence as Majority Owner shall reasonably require. Borrower shall apply only for disbursement with respect to work actually done in accordance with the Budget and for materials and equipment actually incorporated into the Project. Each requisition shall be deemed a certification of Borrower that as of the date of such requisition, all representations and warranties contained in the Agreement are true and correct and that Borrower is in compliance with all of the provisions of this Agreement in all material respects. Only one Loan draw will be allowed each month unless otherwise agreed by Majority Owner.

(c) Payments. The proceeds of the Bonds and Borrower's Funds, when qualified for disbursement, shall be disbursed to or for the benefit or account of Borrower under the terms of this Agreement and the Indenture. At the sole option of Majority Owner, disbursements may be paid to the Borrower or in the joint names of Borrower and the contractor(s), subcontractor(s) or supplier(s) in payment of sums due under the Construction Contracts. At its sole option, Majority Owner may direct Bond Trustee to directly pay any contractor and any subcontractors or other parties the sums due under the Construction Contracts. Borrower appoints Bond Trustee, at the sole direction of Majority Owner, as its attorney-in-fact to make such payments. This power shall be deemed to be coupled with an interest, shall be irrevocable, and shall survive an Event of Default under this Agreement.

(d) Retainage. Notwithstanding any other provision of this Agreement to the contrary, Majority Owner may consent to the disbursement of up to ninety percent (90.00%) of all Advances to be paid with the disbursement of the remaining ten percent (10.00%) retention to be consented to by Majority Owner as the final payment to any contractor upon satisfaction of the conditions set forth for the final payment below in subsection (e).

(e) Final Payment. Upon completion of the Project and fulfillment of the Construction Contract, to the satisfaction of Majority Owner, and provided sufficient Loan Funds are available, Majority Owner shall consent to an Advance of Loan to cover the final payment due upon delivery to Majority Owner of endorsements to the ALTA title insurance policy following the posting of the completion notice, as provided under applicable law. Construction shall not be deemed complete for purposes of final disbursement unless and until Majority Owner shall have received all of the following:

(i) Evidence satisfactory to Majority Owner that all work under the Plans and Specifications requiring inspection by any governmental authority with jurisdiction has been duly inspected and approved by such authority, a notice of completion has been duly recorded in the Official Records of the County of San Diego, State of California, a final certificate of occupancy has been issued, and that all parties performing work have been paid (from the proceeds of such final disbursement), or will be paid, for such work;

(ii) A Certificate of Substantial Completion on Form AIA G704 or such other form as Majority Owner may reasonably require confirming that the Improvements have been completed in accordance with the Plans and Specifications in all material respects

and in conformance with all applicable statutes, ordinances, codes, regulations, and similar requirements, that direct connection has been made to all utilities set forth in the Plans and Specifications, and that the Project is ready for occupancy;

(iii) Receipt by Majority Owner of a written report from the Project Inspector stating that it has conducted inspections of the Project and that all work has been fully completed in a good workmanlike manner and substantially in accordance with the Plans and the requirements of all Governmental Agencies in all material respects;

(iv) Evidence that the period for filing mechanic's liens has expired without the filing of any lien (or, if any such lien has been filed, evidence that such lien has been fully released of record);

(v) The title company which issued the Title Policy shall have delivered to Majority Owner for attachment to the Title Policy, as CLTA Form No. 101.2 Endorsement, in a form and substance reasonably satisfactory to Majority Owner;

(vi) Evidence of full payment for personal property in which Bond Trustee has a security interest; and

(vii) Form AIA G706/706A with final lien waivers attached or such other form reasonably required by Majority Owner or Title Company and written lien waivers releases from General Contractor and all suppliers of labor and materials to the Project.

(f) **Construction Default.** If an Event of Default occurs hereunder, Majority Owner, at its option, may refuse to consent to further Advances, may instruct Bond Trustee to accelerate the Indebtedness under the terms of the Note, and without thereby impairing any of its rights, powers, or privileges, may enter into possession of the construction site and perform or cause to be performed any and all work and labor necessary to complete the Improvements, substantially in accordance with the Plans and Specifications.

(g) **Damage or Destruction; Condemnation.** Borrower shall give immediate notice to Majority Owner of any casualty or condemnation to any portion of the Property, and shall provide Majority Owner with copies of all documents in Borrower's possession which pertain to any such casualty or condemnation. If any of the Property or Improvements is damaged or destroyed by casualty of any nature, within one hundred twenty (120) days thereafter Borrower shall restore the Property and Improvements to the condition in which they were before such damage or destruction with funds other than those in the Project Fund. Majority Owner shall not be obligated to make disbursements under this Agreement until such restoration has been accomplished. In the event that, notwithstanding the "lender's loss payable endorsement" requirement set forth above, the proceeds of any casualty insurance policy described herein are paid to Borrower, Borrower shall deliver such proceeds to Majority Owner promptly upon receipt. Borrower hereby assigns to Majority Owner, as security for all obligations to Issuer secured by a lien on the Property, all amounts payable to Borrower in connection with any condemnation, and any proceeds of any related settlement (collectively,

“**Compensation**”). Borrower shall deliver all Compensation to Majority Owner promptly upon receipt. The Compensation shall be applied in accordance with the terms of the Deed of Trust.

(h) Protection of Security. If Borrower fails to make any payment or to do any act as and in the manner provided in this Agreement or any of the other Loan Documents, Majority Owner, in its sole discretion, but without obligation so to do, without further notice or demand, and without releasing Borrower from any obligation, may make or do the same in such manner and to such extent as Majority Owner may reasonably deem necessary to protect the security of the Deed of Trust and the other Loan Documents. In connection therewith (without limiting its general powers), Majority Owner shall have the right, but not the obligation: (i) to enter upon and take possession of the Property; (ii) to make additions, alterations, repairs and improvements to the Property which in the judgment of Majority Owner may be necessary or proper to keep the Property in good condition and repair; (iii) to appear and participate in any action or proceeding affecting or which may affect the security of the Deed of Trust or the other Loan Documents or the rights or powers of Majority Owner; (iv) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of either may affect or appears to affect the security of the Deed of Trust or the other Loan Documents or to be or to appear to be prior or superior hereto; and (v) in exercising such powers, to pay all costs and expenses and employ necessary or desirable consultants. In the event of any Event of Default or default hereunder or under any of the other Loan Documents, or in the event Majority Owner reasonably believes that any material adverse change has or may have occurred in the financial or other condition of Borrower or in the condition or operation of the Property, Majority Owner may, at Borrower’s sole cost and expense, reappraise (or have reappraised) the Property. Any such reappraisal may, at Majority Owner’s option, be prepared by an employee of Majority Owner or by a third-party appraiser. The selection of such appraiser shall be made by Majority Owner in the exercise of its sole and absolute discretion. Such appraiser shall have the right to enter upon and inspect the Property at all reasonable times and to inspect, copy and make abstracts of all of Borrower’s books and records relating to the Property. Borrower shall cooperate with such appraiser in order to permit such appraiser to prepare such appraisal. Neither Issuer, nor Majority Owner shall be liable for any act or omission of any such appraiser. Borrower shall reimburse Majority Owner immediately upon written demand for all costs and expenses incurred by Majority Owner (including, but not limited to, the reasonable fees and expenses of attorneys) in connection with the foregoing, including, without limitation, the following: (a) Majority Owner’s commencement of, appearance in, or defense of any action or proceeding purporting to affect the rights or obligations of the parties to any Loan Document, (b) all amounts expended by Majority Owner to continue or complete construction of any improvements now or hereafter located upon the Property, (c) all amounts expended by Majority Owner to protect and preserve the Property (or any part thereof) and the liens created under the Loan Documents, including, but not limited to, amounts expended by Majority Owner to pay or discharge liens or encumbrances (including, but not limited to tax liens and, mechanic liens and judgement liens), regardless of whether the same are or are not superior to the lien of the Deed of Trust, and (d) all claims, demands, causes of action, liabilities, losses, commissions and other costs against which Majority Owner is indemnified under the Loan Documents. Such reimbursement obligations shall bear interest following written demand at the Default Rate, and shall be secured by the Deed of Trust and the other Loan Documents. Such reimbursement obligations

shall survive the cancellation of the Note and the release and reconveyance of the Deed of Trust and the other Loan Documents.

14. LIMITATION OF RESPONSIBILITY. The making of any Advance or other disbursement by Majority Owner shall not constitute or be interpreted as either (a) an approval or acceptance by Majority Owner of the work done through the date of the Advance or other disbursement, or (b) a representation or indemnity by Majority Owner to any party against any deficiency or defect in the work or against any breach of any contract. Inspections and approvals of the Plans and Specifications, the Improvements, the workmanship and materials used in the Improvements, and the exercise of any other right of inspection, approval, or inquiry granted to Majority Owner in this Agreement are acknowledged to be solely for the protection of Majority Owner’s and Issuer’s interests, and under no circumstances shall they be construed to impose any responsibility or liability of any nature whatsoever on Majority Owner to any party. Neither Borrower, nor any contractor, subcontractor, materialman, laborer, nor any other person shall rely, or have any right to rely, upon Majority Owner’s determination of the appropriateness of any Advance. No disbursement or approval by Majority Owner shall constitute a representation by Majority Owner as to the nature of the Project, its construction, or its intended use for Borrower or for any other person, nor shall it constitute an indemnity by Majority Owner to Borrower or to any other person against any deficiency or defects in the Project or against any breach of any contract.

15. AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Issuer, Bond Trustee and Majority Owner that, while this Agreement is in effect, Borrower will:

(a) Accounts and Records. Maintain a standard modern system of accounting administered in accordance with generally accepted accounting principles. Majority Owner shall have the right to examine the books of account of Borrower to the extent that they pertain to this Agreement and the Property, and to discuss the affairs, finances, and accounts of Borrower to such extent, all at such reasonable times upon advance written notice and intervals as Majority Owner may reasonably request. Borrower will furnish to Majority Owner the following:

Reporting Party	Report/Document	Required Delivery Date
1. Borrower	Annual CPA audited financial statements prepared in accordance with GAAP (prepared and certified by an accounting firm reasonably acceptable to Majority Owner)	As soon as available and in any event within 180 days of fiscal year end of Borrower commencing with fiscal year ending ///[December 31, 2026]/// for the term of the Loan

2. Borrower	Monthly in-house prepared operating statement (including all revenues and expenses of Project and a calculation of the net operating income of the Project) and rent roll for Project (including such information as Majority Owner may require, including each tenant's name, lease, expiration date, monthly rent, description of any rent concessions or allowances and the amounts of any deposits or prepaid rent Borrower is holding), all in a form acceptable to Majority Owner and certified to be true and correct in all material respects by Borrower	As soon as available and in any event within 30 days of the end of each month, commencing with the month in which the temporary certificate of occupancy for the Project is received and thereafter each month through the Conversion Date
3. Borrower	Monthly in-house prepared leasing progress reports for the Project certified to be true and correct in all material respects by Borrower.	Within 30 days of the end of each month, commencing with the issuance of the temporary certificate of occupancy for the Project, and thereafter each month through the Conversion Date.
4. Borrower	Quarterly in-house prepared operating statements (including all revenues and expenses of Project and a calculation of the net operating income of the Project) and rent roll for Project (including such information as Majority Owner may require, including each tenant's name, lease, expiration date, monthly rent, description of any rent concessions or allowances and the amounts of any deposits or prepaid rent Borrower is holding), all in a form acceptable to Majority Owner and certified to be true and correct in all material respects by Borrower	As soon as available and in any event within 30 days of the end of each calendar quarter, commencing with the calendar quarter in which the Conversion Date occurs and thereafter through the term of the Loan.

5. Guarantor	Annual audited financial statements prepared in accordance with GAAP (prepared and certified by an accounting firm reasonably acceptable to Majority Owner); and each such financial statement shall be accompanied by a certificate executed by the Guarantor stating that such financial statements are true, correct and complete in all material respects, and fairly present the financial position of the Guarantor as of the dates thereof (and there have been no material adverse changes in the financial condition of the Guarantor since the dates of the financial statements delivered by Guarantor to Majority Owner prior to the execution of this Guaranty)	Within 210 days after the end of each fiscal year of Guarantor ending December 31, 2023 through the Conversion Date
6. Borrower and Guarantor	If requested by Majority Owner, copies of annual tax returns and related statements	Within 30 days of filing but not later than November 15 of each calendar year

Additionally, Borrower shall furnish to Majority Owner from time to time and within thirty (30) days following Majority Owner’s request therefor, all such financial information as may be reasonably necessary or appropriate for Majority Owner’s determination of Borrower’s net operating income and debt service with all such financial information being prepared and certified as accurate by Borrower. If Borrower fails to provide the foregoing reports and financial statements within thirty (30) days of a request from Majority Owner, Majority Owner may have Borrower’s books and records audited at Borrower’s expense. Borrower shall cause Guarantor to deliver all financial reports required under the Guaranty.

(b) Additional Assurances. Make, execute, and deliver to Majority Owner such Security Agreements, instruments, documents, and other agreements reasonably necessary to document and secure the Loan and to perfect Issuer’s Security Interests in the Property and Improvements; provided, however, that no such instruments, agreements and documents or actions shall increase Borrower’s or Guarantor’s obligations or liabilities under the Loan Documents.

(c) Additional Information. Furnish such additional information and statements, lists of assets and liabilities, aging of receivables and payables, inventory schedules, budgets, forecasts, tax returns, and other reports with respect to Borrower’s financial condition and business operations as Majority Owner may reasonably request from time to time.

(d) Compliance with Bond Documents. Fully and timely comply in all material respects with all covenants, agreements, and terms of the Bond Documents.

(e) Compliance with Regulatory Agreements. Fully and timely comply in all material respects with all covenants, agreements, and terms of the Regulatory Agreements and to not cause a default thereunder which is not cured within any applicable cure period expressly set forth therein. Borrower shall at all times during the Loan term rent the apartment units in the Project to tenants in accordance with the unit rental covenants set forth in the Regulatory Agreements and all existing and future amendments thereto. Borrower shall submit annual documentation to Majority Owner in the forms required by the applicable regulating agency that the Project meets or exceeds the affordability standards established in accordance with unit rental covenants set forth in the Regulatory Agreements.

(f) Compliance with Subordinate Financings. Fully and timely comply in all material respects with all covenants, agreements, and terms of the Subordinate Financings.

(g) Construction of the Project. Commence construction (which shall include commencement of grading or demolition) of the Project no later than thirty (30) days after closing of the Loan, and cause the Improvements to be fully constructed in a diligent and orderly manner and in strict accordance with the Plans and Specifications approved by Majority Owner in all material respects, the Budget, and all applicable laws, ordinances, codes, regulations, and rights of adjoining or concurrent property owners, and be completed to the satisfaction of Majority Owner no later than _____ (the “**Completion Date**”). Borrower agrees that construction work on the Project shall not commence until the final Plans and Specifications, the Budget, and the contract with the General Contractor have been reviewed and approved by a third party reviewer/inspector acceptable to Majority Owner, and accepted by Majority Owner.

(h) Defects. Upon demand of Majority Owner, promptly correct any defect in the Improvements or any departure from the Plans and Specifications not approved by Majority Owner before further work shall be done upon the portion of the Improvements affected.

(i) Guaranties. Prior to disbursement of any Loan proceeds, furnish the executed Guaranty of the Loan executed by Guarantor in favor of Issuer in the form and substance required by Majority Owner in its sole discretion.

(j) Litigation. Promptly inform Majority Owner in writing of (a) all material adverse changes in Borrower’s or Guarantor’s financial condition, and (b) all litigation and claims and all threatened litigation and claims affecting Borrower, any Guarantor or the Property which could materially affect the financial condition of Borrower, any Guarantor or the Property.

(k) Loan Proceeds. Use the Loan Funds solely for payment or reimbursement of bills and expenses directly related to the Project.

(l) Management of the Project. If requested by Majority Owner as a result of an Event of Default, contract with a Property manager acceptable to Majority Owner to provide professional management services for the Project on terms acceptable to Majority Owner. All such Property managers shall consent to the assignment of rights under the contract to Majority Owner and will not terminate or amend the same without Majority Owner's consent.

(m) Manager Replacement. If, in Majority Owner's reasonable opinion, the Project is being mismanaged, Borrower shall, at Majority Owner's request, enter within thirty (30) days into a new management contract (in form acceptable to Majority Owner) with a professional management firm (which may be Borrower) for the maintenance and repair of the Property, the collection of rents, the payment of Property expenses, and such other provisions as Majority Owner may require, including a minimum cancellation notice to Borrower of sixty (60) days and a consent to assignment from the new manager to Majority Owner on terms reasonably acceptable to Majority Owner.

(n) Operating Accounts. Borrower shall at all times while any portion of the Note remains unpaid, maintain all of the Project's operating accounts (the "Operating Account"), tenant deposit accounts ("Security Deposit Account"), following the Conversion Date, the Replacement Reserve Account and the Operating Reserve Account, in each case with Majority Owner, unless the same is contrary to federal or state law or regulation.

(o) Loan "In-Balance".

(i) Notwithstanding anything in this Agreement or the Loan Documents to the contrary, Borrower shall, at all times prior to the Conversion Date, cause the Loan to be In Balance, and Majority Owner shall have no obligation to consent to any Advance of Loan Funds or perform any other act unless and until the Loan is In Balance. The Loan shall be deemed to be "In Balance" only when the maximum principal amount of the Loan, less the sum of the funded Advances, plus the undisbursed amount on deposit in the Project Fund (if any) (other than any amounts on deposit in the Project Fund which are to be used to pay down the Loan and to pay other costs due at Conversion of the Loan and a not considered a construction source on the Budget) plus the sum of the undisbursed portion of the Capital Contributions if and to the extent they are indicated as "Construction Source" on Exhibit D, shall equal or exceed the amount reasonably estimated by Majority Owner to pay for all work done or to be done and all materials furnished and to be furnished for the completion of the Project in each category of cost referred to in the Budget and to pay interest on the Loan and all other costs to be paid by Borrower in connection with the Project.

(ii) If at any time and for any reason the Loan is not In Balance in accordance with this Section, Borrower shall, within five (5) days of receiving written or verbal notice from Majority Owner, do one or more of the following:

(a) provide satisfactory evidence to Majority Owner that Borrower has previously paid any excess or additional costs for the Project (collectively, the "**Excess Costs**") or otherwise provided for the insufficiency with

funds from a source other than the Loan, Subordinate Loans, or Capital Contributions;
or

(b) reallocate, subject to Majority Owner's approval, sufficient funds to pay the Excess Costs from funds allocated to "Contingency" in the Budget; or

(c) deposit an amount equal to the Excess Costs in an interest-bearing deposit account (the "**Borrower's Funds Account**") with Majority Owner. Borrower shall have no right to make withdrawals from the Borrower's Funds Account. Majority Owner's disbursement of funds from the Borrower's Funds Account shall be granted (or withheld) subject to the same conditions precedent and other terms applicable to disbursements of Loan proceeds.

Majority Owner shall have no obligation to consent to further Advances until Borrower has paid or otherwise provided for the Excess Costs as required above. Amounts deposited by Borrower in the Borrower's Funds Account for any line item shall be disbursed by Majority Owner in accordance with subsection (q), below. As additional security for all of Borrower's obligations under the Loan Documents, Borrower hereby pledges to Majority Owner, and grants to Majority Owner a security interest in, the Borrower's Funds Account, all amounts now or hereafter on deposit in the Borrower's Funds Account, all interest and other earnings on the Borrower's Funds Account, if any, all additions, increases, modifications, renewals, rollovers, substitutions and replacements to and/or for the foregoing collateral, and all proceeds and products of the foregoing collateral, whether voluntary or involuntary. Funds on deposit from time to time in the Borrower's Funds Account are sometimes referred to in this Agreement as "Borrower's Funds."

(p) **Operating Reserve.** On or before the Conversion Date (and concurrently with the funding of the Third Installment of Equity Capital Contributions, as shown on Exhibit D hereto), Borrower shall have established and funded an operating reserve (the "**Operating Reserve**") in the minimum amount of the greater of \$ _____ or any such greater amount required pursuant to the terms of any Subordinate Loan Document or the Partnership Agreement, which shall be additional collateral for the Loan during the entire term of the Loan, as follows:

(i) The Operating Reserve shall be maintained by Majority Owner in one or more interest-bearing account(s) in Borrower's name with Majority Owner ("**Operating Reserve Account(s)**"). Any interest earned on the Operating Reserve shall be added to and shall become a part of the Operating Reserve. Banner shall not be required to limit the amount deposited with any single institution to the FDIC insurance limits in effect from time to time.

(ii) Borrower shall be entitled to use the Operating Reserve funds only to meet operating deficits for below break-even operations in connection with the management and/or maintenance of the Property. If Borrower shall at any time draw upon the Operating Reserve to pay such operating deficits, then Borrower shall promptly replenish the Operating Reserve to the amount of the balance of the Operating Reserve at the time of

Borrower's draw from available cash flow from the Property, annually, prior to June 30 of each year, and the replenishment of the Operating Reserve shall be paid prior to the payment of any partnership or developer fees (excluding asset management fees or tax credit shortfall payments from cash flow due to Investor Limited Partner under the terms of the Partnership Agreement which may be paid prior to replenishment).

(iii) All of Borrower's interest in the Operating Reserve and Operating Reserve Account(s), any interest accrued or accruing thereon, and the Operating Reserve Account(s) in which those funds are held, are hereby pledged to Majority Owner as collateral or security for the Loan pursuant to documentation required by (and acceptable to) Majority Owner. During any time that the Operating Reserve Account(s) is being held and maintained by Borrower, such account(s) shall provide expressly that Borrower shall make no withdrawals therefrom without Banner's prior written consent. Borrower shall execute any documents required to perfect or maintain Majority Owner's security interest in the Operating Reserve and Operating Reserve Account(s). If an Event of Default shall occur and be continuing, Majority Owner shall be entitled to draw upon and utilize all or any portion of the Operating Reserve and Operating Reserve Account(s) as otherwise provided in the Loan Documents.

(iv) Initially, the Operating Reserve may be audited by Majority Owner or its delegee six (6) months following the Conversion Date, and the Operating Reserve may be audited by Banner or its delegee annually thereafter in order to confirm, among other things, that (i) Borrower has used Operating Reserve funds only for appropriate purposes, and (ii) the Operating Reserve contains no less than \$_____. Borrower shall cooperate with Majority Owner's audits of the Operating Reserve.

(v) To the extent that the Partnership Agreement or the Subordinate Loan Documents require the prior consent of Investor Limited Partner or Subordinate Lender, respectively, to any withdrawal from the Operating Reserve Account(s), Borrower shall obtain Limited Partner's and/or Subordinate Lender's consent thereto and shall have delivered evidence of such consent to Majority Owner prior to any withdrawal from the Operating Reserve Account(s).

(q) Borrower's Funds Account. Borrower shall deposit into the Borrower's Funds Account (a) all amounts required to be deposited into the Borrower's Funds Account pursuant to subsection (o), above, (b) the First Installment of Equity Capital Contributions from Investor Limited Partner (to the extent of any portion of the First Installment of Equity Capital Contributions not fully disbursed at Loan closing by the Title Company toward the payment of Project costs shown on the Budget), the Second Installment of Equity Capital Contributions from Investor Limited Partner, and the Third Installment of Equity Capital Contributions, and (c) the City Loan Final Installment. All amounts deposited in the Borrower's Funds Account shall be disbursed by Majority Owner solely to pay Project costs (or pay down the Loan as set forth below) on the same terms, and subject to the same conditions that are required for Advances of Loan proceeds. In addition, all amounts deposited into the Borrower's Funds Account shall be disbursed by Majority Owner prior to the disbursement of Loan proceeds; provided, however, the ///[Third Installment of Equity Capital

Contributions and ///[NOTE: Need to identify soft sources for pay down (if any)]/// shall not be required to be disbursed prior to Loan proceeds and shall be held and to be applied by Majority Owner to reduce the Loan on or before the Interim Construction Loan Maturity Date. Following the reduction of the principal amount of the Loan sufficient to satisfy the Conditions to Conversion under the Tax-Exempt Note, any remaining amount of the ///[Third Installment of Equity Capital Contributions]/// will be next available for the payment of the initial deposit into the Operating Reserve Account, and finally to pay any Permitted Developer Fee then permitted under Exhibit F hereto. The funds on deposit in the Borrower's Funds Account are referred to herein as "Borrower's Funds". Borrower shall execute and deliver to Majority Owner a pledge and security agreement relating to the Borrower's Funds Account in a form reasonably required by Majority Owner upon the opening of the Borrower's Funds Account.

(r) Construction Disbursement Account. Borrower shall maintain with Majority Owner the Construction Disbursement Account for deposit by Bond Trustee of proceeds of the Loan and disbursement by Majority Owner of Borrower's Funds as required to fund a pending request for Advance.

(s) Payment of Claims and Removal of Liens. (a) Cause all claims for labor done and materials and services furnished in connection with the Improvements to be fully paid and discharged in a timely manner, (b) diligently file or procure the filing of a valid notice of completion of the Improvements, or such comparable document as may be permitted under applicable lien laws, (c) diligently file or procure the filing of a notice of cessation, or such comparable document as may be permitted under applicable lien laws, upon the happening of cessation of labor on the Improvements for a continuous period of thirty (30) days or more, and (d) take all reasonable steps necessary to remove all claims of liens against the Property, the Improvements or any part of the Property or Improvements, or any rights or interests appurtenant to the Property or Improvements. Borrower shall, within ten (10) business days after the filing of any claim of lien that is disputed or contested by Borrower, provide Majority Owner with a surety bond issued by a surety acceptable to Majority Owner sufficient to release the claim of lien or deposit with Majority Owner an amount satisfactory to Majority Owner for the possibility that the contest will be unsuccessful. If Borrower fails to remove any lien on the Property or Improvements or provide a bond or deposit pursuant to this provision, Majority Owner may pay such lien, or may contest the validity of the lien, and Borrower shall pay all costs and expenses of such contest, including Majority Owner's reasonable attorneys' fees.

(t) Performance. Perform and comply with all terms, conditions, and provisions set forth in this Agreement and in all other instruments and agreements related to the Project between Borrower and Majority Owner, and in all other loan agreements related to the Project now or hereafter existing between Borrower and any other party. Borrower shall notify Majority Owner promptly in writing of any default in connection with any agreement.

(u) Project Claims and Litigation. Promptly inform Majority Owner, but only to the extent the Borrower has actual knowledge and only prior to the satisfaction of all conditions to the final Advance, of (a) all material adverse changes in the financial condition of the General Contractor; (b) any litigation and claims, actual or threatened, affecting the Project or any contractor, which could materially affect the successful completion of the Project or the

ability of any contractor to complete the Project as agreed; and (c) any condition or event which constitutes a breach or default under any of the Loan Documents or any contract related to the Project.

(v) **Replacement Reserve.** ///[On the Conversion Date, Borrower shall deposit into an account held by Majority Owner (the “**Replacement Reserve Account**”) an initial deposit of \$_____ (the “**Initial Deposit**”).]/// In addition, following the Conversion Date, and commencing on each date that a regularly scheduled payment of principal and interest is due under the Note, Borrower shall deposit into the Replacement Reserve Account a monthly deposit of at least \$_____ (each, a “**Monthly Deposit**”). The Initial Deposit and the Monthly Deposits shall be governed by the Replacement Reserve and Security Agreement (“**Reserve Agreement**”) executed in connection herewith.

(w) **Tax Credits.** Borrower hereby agrees:

(i) To observe and perform all obligations imposed on Borrower in connection with the Tax Credits and to operate the residential units of the Project or to use Borrower’s best efforts to cause the appropriate parties to operate the same in accordance with all statutes and regulations governing the Tax Credits;

(ii) Not to release, forego, alter, amend or modify its rights to the Tax Credits (excluding decreases in the Tax Credits resulting from a reduction in the eligible basis for the Project as a result of cost savings on the Project) without Majority Owner’s prior written consent, which Majority Owner may give or withhold in Majority Owner’s reasonable discretion; provided however, no consent of Majority Owner shall be required in connection with an increase in the Tax Credits;

(iii) Not to execute any residential lease of all or any portion of the Project Assets not complying fully with all requirements and regulations governing the Tax Credits, except with Majority Owner’s prior written consent, which Majority Owner may give or withhold in its sole and absolute discretion;

(iv) To cause to be kept all records, and cause to be made all elections and certifications, pertaining to the number and size of apartment units, occupancy thereof by tenants, income level of tenants, set-asides for low-income tenants, and any other matters now or hereafter required to qualify for and maintain the Tax Credits in connection with the low-income occupancy of the Project;

(v) To comply with the appropriate minimum low-income set-aside requirements under the Code, or applicable federal regulations (“**Federal Laws**”), TCAC and all California laws and regulations (“**State Laws**”) applicable to the creation, maintenance and continued availability of the Tax Credits;

(vi) To certify compliance with the set-aside requirement and report the dollar amount of qualified basis and maximum applicable percentage, date of placement in

service and any other information required for the Tax Credits at such time periods as required by Federal Laws, TCAC or State Laws for such Tax Credits;

(vii) To set aside the appropriate number of units for households with incomes meeting the required standards of San Diego County, California median income to qualify for the Tax Credits (as determined pursuant to Section 42 of the Code, and/or State Laws), adjusted for family size, and to operate and maintain all such units as “low-income units” qualifying for the Tax Credits under Section 42(i)(3) of the Code, and/or State Laws;

(viii) To exercise good faith in all activities relating to the operation and maintenance of the Project in accordance with the requirement of Federal Laws and State Laws; and

(ix) To promptly deliver to Majority Owner true and correct copies of all notices or other documents or communications received or given by Borrower with regard to or relating in any way to the partnership interests of Borrower and/or the Tax Credits. Promptly upon receipt thereof, Borrower must deliver to Majority Owner the following: (i) a copy of the final reservation of Tax Credits for the Project Assets; (ii) the basis audit (as required by Section 42 of the Code) for the Property (including a certificate of Borrower’s accountant or attorneys if requested by Majority Owner); (iii) the first annual income certification for all tenants of the Property showing that the tenants are qualified for purposes of Borrower’s obtaining Tax Credits; and (iv) the fully-completed Form 8609 (required by the Code) issued for the Project Assets. Borrower must deliver promptly to Majority Owner such other certificates, income certificates, reports, and information as Majority Owner may request.

(x) Taxes and Claims. Pay and discharge when due all of Borrower’s indebtedness, obligations, and claims that, if unpaid, might become a lien or charge upon the Property or Improvements; provided, however, that Borrower shall not be required to pay and discharge any such indebtedness, obligation, or claim so long as (a) its legality shall be contested in good faith by appropriate proceedings, (b) the indebtedness, obligation, or claim does not become a lien or charge upon the Property or Improvements, and (c) Borrower shall have established on its books adequate reserves with respect to the amount contested in accordance with generally accepted accounting practices. If the indebtedness, obligation, or claim does become a lien or charge upon the Property or Improvements, Borrower shall remove the lien or charge as provided in the preceding paragraph.

(y) Workers’ Compensation Coverage. Provide to Majority Owner proof of compliance with all applicable workers’ compensation laws and regulations with regard to all work performed on the Project.

(z) Covenant for the Benefit of the Owners. Borrower recognizes the authority of the Issuer to assign its interest in and pledge moneys receivable under this Agreement to the Bond Trustee as security for the payment of the principal of and interest and redemption premiums, if any, on the Bonds, and the payment of all other amounts as set forth in Section 4, 5 and 25(k) of this Agreement. Borrower hereby (i) agrees to be bound by the Issuer’s grant of such assignment and pledge, (ii) grants to the Bond Trustee a security interest

in any right and interest Borrower may have in sums held in the Funds described in Article V of the Indenture, to secure the obligations of Borrower under this Agreement and the other Loan Documents and (iii) agrees that the Bond Trustee shall have all of the rights of a secured party under the California Uniform Commercial Code in connection with such security interest. Each of the terms and provisions of this Agreement is a covenant for the use and benefit of the Owners and Majority Owner, so long as the Bonds shall remain Outstanding; but upon payment in full of the Bonds in accordance with the Indenture and of all fees and charges requested under Sections 4, 5 and 25(k) of this Agreement, all references in this Agreement to Majority Owner, the Bonds, the Bond Trustee and the Owners shall be ineffective, and the Owners, the Bond Trustee and Majority Owner shall thereafter have no rights hereunder, save and except those that shall have theretofore vested or that arise from provisions hereunder which survive termination of this Agreement. All rights and benefits provided to Majority Owner pursuant to this Agreement are provided to Majority Owner in both its capacity as owner of the Bonds and its capacity as “Majority Owner” (*i.e.*, representative of the Owners) as that capacity is established and defined pursuant to the Indenture, and shall extend to each successive Owner and “Majority Owner” under the Indenture.

(aa) HAP Contract. Borrower hereby agrees to notify Majority Owner as soon as possible after Borrower commences communication with HUD in connection with any housing assistance payment contract relating to the Project, including without limitation, the AHAP or any HAP Contract. Borrower further agrees that (i) Majority Owner (and its counsel) shall be given a reasonable opportunity to review and provide comments on any draft HAP Contract or draft amendment to HAP Contract prior to its execution and delivery by the parties thereto, and (ii) concurrently with the execution and delivery of any HAP Contract, Borrower shall execute and deliver to Majority Owner, in form and substance satisfactory to such parties, an absolute, unconditional and irrevocable assignment of Borrower’s right, title and interest in, to, and under the HAP Contract, together with the right and power to enforce the same. Borrower shall not modify, terminate or surrender any HAP Contract (in whole or in part) without the prior, written consent of Majority Owner, which consent shall not be unreasonably withheld. Borrower agrees to promptly notify Majority Owner of the results of any HUD inspection of the Project.

(bb) Subordinate Loan Proceeds. Majority Owner shall not have any obligation to consent to Issuer making any advance of Loan proceeds other than an initial advance not to exceed \$55,001, unless and until Borrower has provided Majority Owner evidence that at least \$ _____ of City Loan proceeds and \$ _____ of ///[AHP Loan]/// proceeds have, in each case, first been disbursed and applied to pay Project costs set forth on the Budget. The remaining \$ _____ of City Loan proceeds shall (collectively, the “**City Loan Final Installment**”) be applied to pay Project costs on the Budget or repay the Loan on or before the Interim Construction Loan Maturity Date. Borrower shall cause all ///[IIG Sponsor Loan]/// proceeds to be disbursed to Borrower and applied to pay Project costs set forth on the Budget on or before _____.

16. NEGATIVE COVENANTS. Borrower covenants and agrees with Issuer, Bond Trustee and Majority Owner that while this Agreement is in effect, Borrower shall not, without the prior written consent of Majority Owner:

(a) **Continuity of Operations.** Cease operations with regard to the Property.

(b) **Indebtedness and Liens.** Except for the Subordinate Financing and the Regulatory Agreements, sell, transfer, mortgage, assign, pledge, grant a security interest in, or encumber the Property.

(c) **Modification of Regulatory Agreements.** Make or permit to be made any modification of the Regulatory Agreements, except to the extent necessary to comply with rules and regulations under the Code.

(d) **Modification or Termination of AHAP or any HAP Contract.** Make or permit to be made any amendment, modification, supplement or termination of the AHAP or any HAP Contract.

(e) **Modification of Subordinate Loan Documents, MHP Documents or VHHP Documents.** Make or permit to be made any amendment, modification, supplement or termination of the Subordinate Loan Documents, the MHP Documents, or the VHHP Documents.

17. TAX COVENANTS. The Borrower shall comply with the requirements and conditions of the Tax Certificate and the Bond Regulatory Agreement, and capitalized terms that are used but not defined herein shall have the meanings assigned to them in such documents. Without limiting the foregoing and notwithstanding anything to the contrary in this Agreement, Borrower will not take, or permit to be taken on its behalf, any action which would cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes and will take such reasonable action as may be necessary to continue such exclusion from gross income, including:

(a) Borrower will not use the proceeds of the Tax-Exempt Bonds, or any other funds which may be deemed to be proceeds of the Tax-Exempt Bonds pursuant to Section 148 of the Code, in a manner which will cause the Tax-Exempt Bonds 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 Tax-Exempt Bonds;

(b) Borrower will prepare and file any statements required to be filed by it in order to maintain such exclusion;

(c) Borrower will pay to the United States any amount required to be paid by the Issuer or 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 Tax-Exempt Bonds from gross income for federal income tax purposes, and Borrower shall compute, or cause to be computed, such amounts annually so long as required by the Code.

(d) not less than ninety five percent (95%) of the net proceeds of the Tax-Exempt Bonds (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 party (as used in Section 1.148-1(b) of the Treasury Regulations) will purchase any interest in the Tax-Exempt Bonds in amount related to the amount of the Loan;

(f) no changes will be made to the Project, no actions will be taken by Borrower, and Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of the interest on the Tax-Exempt Bonds;

(g) if Borrower becomes aware of any circumstance, event or condition which would result in the interest payable on the Tax-Exempt Bonds becoming includable in gross income for federal income tax purposes, Borrower will promptly give written notice of such circumstance, event or condition to the Issuer and Majority Owner;

(h) the full amount of each disbursement from the Loan will be applied to pay or to reimburse Borrower for the payment of Project Costs and, after taking into account any proposed disbursement, (i) at least ninety five percent (95%) of the net proceeds of the Tax-Exempt Bonds (as defined in Section 150 of the Code) 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 twenty-five percent (25%) of the net proceeds of the Tax-Exempt Bonds will have been disbursed to pay or to reimburse Borrower for the cost of acquiring land, (iii) not more than two percent (2%) of the proceeds of the Tax-Exempt Bonds will have been used for Costs of Issuance (as defined in the Bond Regulatory Agreement), and (iv) none of the proceeds of the Tax-Exempt Bonds (as defined for purposes of Section 147(g) of the Code) will be disbursed to provide working capital;

(i) Borrower will cause all of the residential units (except for the manager’s units) in the Project first occupied after the Closing Date and to be rented or available for rental on a basis which satisfies the requirements of the Law, the Act, the Code and the Bond Regulatory Agreement;

(j) all leases for the Project entered into after the Closing Date will comply with all applicable laws and the Bond Regulatory Agreement;

(k) in connection with any lease entered into after the Closing Date or grant by Borrower of the use of the Project, 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 Bond Regulatory Agreement;

(l) no portion of the proceeds of the portion 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

In any matter relating to the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, the terms and provisions of the Tax Certificate shall control in the event of any conflict between this Agreement and the Tax Certificate.

18. GENERAL PROJECT PROVISIONS. The following provisions relate to the construction and completion of the Project:

(a) Change Orders. All requests for changes in the Plans and Specifications or change orders to the Construction Contract, other than minor changes involving costs of not more than ///[\$25,000.00]/// for any individual change order and not more than ///[\$75,000.00]///[BANNER TO CONFIRM] for all changes orders in the aggregate, must be in writing, signed by Borrower, and delivered to Majority Owner for its approval. Borrower will not permit the performance of any work pursuant to any change order or modification of the Construction Contract or any subcontract without the written approval of Majority Owner (except for such items noted above as not needing Majority Owner's approval). To the extent required by the applicable governmental authorities having jurisdiction, Borrower will obtain any required permits or authorizations from governmental authorities having jurisdiction before approving or requesting a new change order.

(b) Purchase of Materials; Conditional Sales Contracts. No materials, equipment, fixtures, or articles of personal property placed in or incorporated into the Project shall be purchased or installed under any Security Agreement or other agreement whereby the seller reserves or purports to reserve title or the right of removal or repossession, or the right to consider such items as personal property after their incorporation into the Project, unless otherwise authorized by Majority Owner in writing.

(c) Majority Owner's Right of Entry and Inspection. Subject to the rights of tenants under their respective leases and upon reasonable advance notice, Majority Owner and its agents shall have at all times the right of entry and free access to the Property and the right to inspect all work done, labor performed, and materials furnished with respect to the Project. Majority Owner shall have unrestricted access to and the right to copy all records, accounting books, contracts, subcontracts, bills, statements, vouchers, and supporting documents of Borrower relating in any way to the Project. Borrower agrees to pay on demand all of Majority Owner's out-of-pocket expenses for periodic inspections, reviews, or reports that Majority Owner, in its sole discretion, deems necessary and appropriate for disbursement of the Loan Fund.

(d) Majority Owner's Right to Stop Work. If Majority Owner in good faith determines that any work or materials do not conform to the approved Plans and Specifications or sound building practices, or otherwise depart from any of the requirements of this Agreement, Majority Owner may require the work to be stopped and withhold disbursements until the matter is corrected. In such event, Borrower will promptly correct the work to Majority Owner's reasonable satisfaction. No such action by Majority Owner will

affect Borrower's obligation to complete the Improvements on or before the Completion Date (subject to Force Majeure to the extent provided in Section 15(g)). Majority Owner is under no duty to supervise or inspect the construction or examine any books and records. Any inspection or examination by Majority Owner is for the sole purpose of protecting Majority Owner's security and preserving Majority Owner's rights under this Agreement. No default of Borrower will be waived by any inspection by Majority Owner. In no event will any inspection by Majority Owner be a representation that there has been or will be compliance with the Plans and Specifications or that the construction is free from defective materials or workmanship.

(e) INDEMNITY. BORROWER HEREBY AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS ISSUER, BOND TRUSTEE AND MAJORITY OWNER, THEIR GOVERNING BODIES, DIRECTORS, OFFICERS, OFFICIALS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, LIABILITIES, CLAIMS, ACTIONS, JUDGMENTS, COURT COSTS AND LEGAL OR OTHER EXPENSES (INCLUDING, WITHOUT LIMITATION, ACTUAL AND REASONABLE ATTORNEYS' FEES AND EXPENSES) WHICH ISSUER OR MAJORITY OWNER MAY INCUR AS A DIRECT OR INDIRECT CONSEQUENCE OF: (a) THE PURPOSE TO WHICH BORROWER APPLIES THE PROCEEDS OF THE BOND; (b) THE FAILURE OF BORROWER TO PERFORM ANY OBLIGATIONS AS AND WHEN REQUIRED BY THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS; (c) ANY FAILURE AT ANY TIME OF ANY OF BORROWER'S REPRESENTATIONS OR WARRANTIES TO BE TRUE AND CORRECT; OR (d) ANY ACT OR OMISSION BY BORROWER, CONSTITUENT PARTNER OF BORROWER, ANY CONTRACTOR, SUBCONTRACTOR OR MATERIAL SUPPLIER, ENGINEER, ARCHITECT OR OTHER PERSON OR ENTITY WITH RESPECT TO ANY OF THE PROPERTY OR IMPROVEMENTS, PROVIDED, HOWEVER THAT BORROWER WILL NOT BE REQUIRED TO (A) INDEMNIFY ISSUER FOR LIABILITIES ARISING DUE TO ISSUER'S WILLFUL MISCONDUCT OR (B) INDEMNIFY MAJORITY OWNER OR BOND TRUSTEE FOR LIABILITIES ARISING FROM MAJORITY OWNER'S OR BOND TRUSTEE'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, RESPECTIVELY. BORROWER SHALL IMMEDIATELY PAY TO ISSUER, MAJORITY OWNER AND BOND TRUSTEE UPON DEMAND ANY AMOUNTS OWING UNDER THIS INDEMNITY, TOGETHER WITH INTEREST FROM THE DATE THE INDEBTEDNESS ARISES UNTIL PAID AT THE RATE OF INTEREST APPLICABLE TO THE PRINCIPAL BALANCE OF THE NOTE. BORROWER'S DUTY AND OBLIGATIONS TO DEFEND, INDEMNIFY AND HOLD HARMLESS ISSUER, MAJORITY OWNER AND BOND TRUSTEE SHALL SURVIVE CANCELLATION OF THE NOTE AND THE RELEASE, RECONVEYANCE OR PARTIAL RECONVEYANCE OF THE DEED OF TRUST.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Agreement or the Bond Regulatory Agreement, Borrower shall remain obligated to indemnify the Issuer, Majority Owner and Bond Trustee pursuant to this Section if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the Issuer, Majority Owner and Bond Trustee have consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder, or the Issuer, Majority

Owner and Bond Trustee, in such case, shall have executed a full and unconditional release of Borrower.

The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to this Agreement shall survive the final payment or defeasance of the Bond and in the case of the Trustee or Majority Owner, as applicable, any resignation or removal. The provisions of this Section shall survive the termination of this Agreement, payment of the Bond and discharge of the Indenture.

(f) Publicity. Majority Owner may display a sign at the construction site subject to applicable zoning and similar ordinances informing the public that Majority Owner is the construction lender for the Project. During construction, any sign placed on the Property describing sources of funding for the Project will specify Majority Owner as providing construction financing. Majority Owner may obtain other publicity in connection with the Project through press releases, including a description of the Property, Project, occupancy and rentals, and participation in ground-breaking and opening ceremonies and similar events, provided that Majority Owner shall not use any photographs or videos of any residents without prior written authorization from the resident.

(g) Actions. Majority Owner shall have the right to commence, appear in, or defend any action or proceeding purporting to affect the rights, duties, or liabilities of the parties to this Agreement, or the Advance of Loan proceeds or disburse funds from the Borrower's Funds Account. In connection with this right, Majority Owner may incur and pay reasonable costs and expenses, including, but not limited to, attorneys' fees, for both trial and appellate proceedings. Borrower covenants to pay to Majority Owner on demand all such expenses, together with interest from the date Majority Owner incurs the expense at the rate specified in the Note, and Majority Owner is authorized to disburse funds from the Loan Fund for such purposes.

(h) Permits. To the extent not delivered to Majority Owner at Closing, prior to any construction work on or use of the Project, Borrower shall have furnished to Majority Owner copies of all permits and requisite approvals of any governmental body necessary for such construction and/or use, as applicable, of the Project.

(i) Commercial Space, Parcel Map and Reconveyance.

(i) Parcel Maps. Borrower intends to record in the Official Records a parcel map (the "**Parcel 3 Parcel Map**") creating a separate legal airspace parcel for the Parcel 3 Commercial Space (the "**Parcel 3 Commercial Parcel**") and for the remaining portion of Parcel 3 (including all airspace and subterranean rights) other than the Parcel 3 Commercial Space) (the "**Parcel 3 Residential Parcel**"). In addition, Borrower intends to record in the Official Records a parcel map (the "**Parcel 4 Parcel Map**"; and together with the Parcel 3 Parcel Map, the "**Parcel Maps**"; each a "**Parcel Map**") creating a separate legal airspace parcel for the Parcel 4 Commercial Space (the "**Parcel 4 Commercial Parcel**") and for the remaining portion of Parcel 4 (including all airspace and subterranean rights) other than the Parcel 4 Commercial Space) (the "**Parcel 4 Residential Parcel**"). Borrower shall not record any such

Parcel Map unless and until the Majority Owner, HCD, the Investor Limited Partner and each Subordinate Lender have received, reviewed and approved such Parcel Map. Majority Owner shall not unreasonably withhold its consent to the recordation of such Parcel Maps so long as Borrower shall have satisfied all of the following conditions precedent (collectively, the “Parcel Map Conditions”):

(a) Borrower shall have delivered written evidence that Investor Limited Partner, HCD and each Subordinate Lender have consented to such Parcel Map;

(b) ///
[The Parcel Map shall be substantially in the form attached hereto as Exhibit E in all material respects (provided, that the signatories to the Parcel Map may be updated to reflect the Borrower’s ownership of the Property, the lenders listed shall be updated to reflect only the Bond Trustee and the Subordinate Lenders as lienholders and the preliminary title report may be updated to reflect a then current title report for the Property so long as such title report does not contain any encumbrances on title other than those shown on the Lender’s title policy or otherwise expressly approved in writing by Majority Owner)]///
[IS THERE A TENANTIVE PARCEL MAP OR AT LEAST A SITE PLAN THAT WE CAN SEE DEPICTING THE PROPOSED SUBDIVISION]///
;

(c) The total real property subject to any such Parcel Map shall be identical to the Land (including all airspace and subterranean rights appurtenant to the Land) in all respects, including, but not limited to all exterior boundaries, and no gaps, gores or strips in the Land (including all airspace and subterranean rights appurtenant to the Land) shall be created by such Parcel Map;

(d) The Parcel Map does not contain any new easements, dedications or other encumbrances against all or any portion of the Property other than those such items as Majority Owner has expressly consented to in writing;

(e) Majority Owner shall have received for attachment to its Title Policy, the following endorsements: (i) as to any Parcel 3 Parcel Map, a same as endorsement confirming the legal description of Parcel 3 Residential Parcel and Parcel 3 Commercial Parcel, collectively, is the same as the Parcel 3 described on Exhibit A hereto (including all airspace and subterranean rights appurtenant to the Land) and on Exhibit A to the Deed of Trust; (ii) as to any Parcel 4 Parcel Map, a same as endorsement confirming the legal description of Parcel 4 Residential Parcel and Parcel 4 Commercial Parcel, collectively, is the same as the Parcel 4 described on Exhibit A hereto (including all airspace and subterranean rights appurtenant to the Land) and on Exhibit A to the Deed of Trust; (iii) as to any Parcel 3 Parcel Map, 116.1 (survey endorsement) confirming that Parcel 3 Residential Parcel and Parcel 3 Commercial Parcel, collectively, are the same as the Land (including all airspace and subterranean rights appurtenant to the Land) depicted as Parcel 3 on the survey approved by Majority Owner in connection with the closing of the Loan; (iv) as to any Parcel 4 Parcel Map, 116.1 (survey endorsement) confirming that Parcel 4 Residential Parcel and Parcel 4

Commercial Parcel, collectively, are the same as the Land (including all airspace and subterranean rights appurtenant to the Land) depicted as Parcel 4 on the survey approved by Majority Owner in connection with the closing of the Loan; and (iii) a 116.7 endorsement (confirming that each of the parcels of the Real Property is a legally subdivided parcel);

(f) Borrower shall have paid all costs, fees and expenses associated with the satisfaction of the Parcel Map Conditions, including, but not limited to, recording fees, title company fees and premiums, costs of updating the survey of the Property, if required, and legal fees of Majority Owner; and

(g) Majority Owner shall have approved in its sole and absolute discretion any required CC&Rs in connection with the recording of any such Parcel Map.

(ii) **CC&Rs.** In connection with the execution and the recordation of the Parcel 3 Parcel Map described above, Borrower intends to record a ///[Declaration of Covenants, Conditions and Restrictions Providing for Reciprocal Easements, Joint Use and Maintenance]/// (the “**Parcel 3 CC&Rs**”) executed by Borrower in the Official Records on or before the Conversion Date, which Parcel 3 CC&Rs shall provide for certain reciprocal easements and set forth the terms for the joint use and maintenance as between the Parcel 3 Residential Parcel and the Parcel 3 Commercial Parcel, and the respective owners thereof. Borrower shall not record the CC&Rs until Majority Owner, Investor Limited Partner, HCD and all Subordinate Lenders have each received, reviewed and approved such CC&Rs in writing. In connection with the execution and the recordation of the Parcel 4 Parcel Map described above, Borrower intends to record a ///[Declaration of Covenants, Conditions and Restrictions Providing for Reciprocal Easements, Joint Use and Maintenance]/// (the “**Parcel 4 CC&Rs**”; and together with the Parcel 3 CC&Rs, the “**CC&Rs**”) executed by Borrower in the Official Records on or before the Conversion Date, which Parcel 4 CC&Rs shall provide for certain reciprocal easements and set forth the terms for the joint use and maintenance as between the Parcel 4 Residential Parcel and the Parcel 4 Commercial Parcel, and the respective owners thereof. Borrower shall not record the CC&Rs until Majority Owner, Investor Limited Partner, HCD and all Subordinate Lenders have each received, reviewed and approved such CC&Rs in writing. The CC&Rs shall be required to provide, among other things that Majority Owner may reasonably require, the following: (i) as to any Parcel 3 CC&Rs, the owner of the Parcel 3 Residential Parcel (the “**Parcel 3 Residential Owner**”), and as to any Parcel 4 CC&Rs, the owner of the Parcel 4 Residential Parcel (the “**Parcel 4 Residential Owner**”; together with Parcel 3 Residential Owner, the “**Residential Owners**”, each a “**Residential Owner**”), shall, in each case, at all times be the declarant under the CC&Rs and shall have a controlling interest in any owner’s association created under the applicable CC&Rs, (ii) the CC&Rs shall set forth prohibited uses for the Parcel 3 Commercial Space or Parcel 4 Commercial Space, as applicable, which Majority Owner reasonably objects to, (iii) all common areas shall be under the control and ownership of the applicable Residential Owner, (iv) the owners of the applicable parcels shall each be responsible for the maintenance, repair, utilities and other services of and to their respective parcels (except for any common areas), (v) an operating budget for the common areas and any other shared expenses shall be determined

annually in advance of the coming calendar year and the owner of the Parcel 3 Commercial Parcel (the “**Parcel 3 Commercial Owner**”) (as to any Parcel 3 CC&Rs) or the owner of the Parcel 4 Commercial Parcel (the “**Parcel 4 Commercial Owner**”; together with Parcel 3 Commercial Owner, the “**Commercial Owners**”, each a “**Commercial Owner**”) (as to any Parcel 4 CC&Rs), shall, in each case, be responsible for remitting to the applicable Residential Owner one-twelfth (1/12th) of its pro rata share of the annual common area maintenance and repair costs and expenses on each month (or the annual estimate of the applicable Commercial Owner’s pro rata share of such share expenses may be collected annually in advance), with a reconciliation of such shared expenses following the end of each calendar year; (vi) all utilities to the applicable Commercial Space Parcel (including water and hot water) shall be individually metered, (vii) all existing lienholders on Parcel 3 and Parcel 4, as applicable, shall execute joinders and subordinations attached to such CC&Rs thereby subordinating their interests to such CC&Rs, and the CC&Rs shall otherwise be in a form and substance acceptable to Majority Owner, in its reasonable discretion.

(iii) Partial Reconveyance. Upon Borrower’s written request, Majority Owner shall, on a one time basis only, on the Conversion Date, reconvey the Parcel 3 Commercial Parcel and the Parcel 4 Commercial Parcel, from the lien of the Deed of Trust upon the satisfaction of all of the following conditions precedent (“**Reconveyance Conditions**”):

(a) All Conditions to Conversion set forth in the Tax-Exempt Note shall have been satisfied in full (as determined by Majority Owner) or will concurrently with such release be so satisfied;

(b) Borrower shall simultaneously grant to _____ (“**Commercial Space Owner**”) the fee interest in the Parcel 3 Commercial Parcel and the Parcel 4 Commercial Parcel, reserving any easement rights in favor of Borrower, as the Residential Owners under the CC&Rs;

(c) Borrower shall have caused Parcel Maps complying with all of the requirements set forth in Section 18(i)(i) above to be duly recorded in the Official Records, in accordance with all applicable subdivision map act and other applicable laws, rules and regulations, pursuant to which each of the Parcel 3 Residential Parcel, the Parcel 4 Residential Parcel, the Parcel 3 Commercial Parcel and the Parcel 4 Commercial Parcel are each established as single separate legal airspace parcels which may be sold, leased, conveyed and encumbered in full compliance with all subdivision map act and other applicable laws, rules and regulations;

(d) Borrower shall have delivered to Majority Owner evidence satisfactory to Majority Owner that each Subordinate Lender is concurrently reconveying and releasing any encumbrance and regulatory agreement that they have in the Parcel 3 Commercial Space and Parcel 4 Commercial Space, in its entirety;

(e) Borrower shall have delivered to Majority Owner evidence that Investor Limited Partner has approved the reconveyance;

(f) Issuer shall have approved the reconveyance and shall have released the Parcel 3 Commercial Space and the Parcel 4 Commercial Space from the applicable Bond Regulatory Agreements;

(g) Any new MHP Loan Document and or VHHP Loan Document shall not include either the Parcel 3 Commercial Space or the Parcel 4 Commercial Space in its collateral;

(h) Bond Counsel shall have issued an opinion to counsel confirming that the amendments to the regulatory agreement, any amendments to the Loan Documents or reconveyances of the Deed of Trust, shall not adversely affect the tax exempt nature of the Bonds in a form approved by Majority Owner;

(i) Borrower, at Borrower's sole cost and expense, shall have delivered to Majority Owner, for attachment to each of Lender's title policies: (i) as CLTA endorsement no. 116.3 with respect to the remaining Real Property after any such proposed partial reconveyance (the "**Reduced Land**"), confirming that the Reduced Land is the same as that shown on the Parcel Map, (ii) a CLTA 102.5 endorsement confirming that all foundations for the Improvements are located entirely within the Reduced Land, and (iii) all other title endorsements reasonably requested by Majority Owner;

(j) The as-built survey required to be provided pursuant to the Conversion shall confirm to Majority Owner's satisfaction that neither the Parcel 3 Commercial Space, nor the Parcel 4 Commercial Space contains any portion of the residential improvements, elevator banks, stairwells, utility hook-ups for the residential improvements, parking, access roads and driveways, common areas, Real Property, or other portion of the Improvements or Real Property that Majority Owner determines to be necessary, convenient and/or appropriate for the maintenance and operation of the residential portion of the Property;

(k) Borrower shall have delivered to Majority Owner written evidence that the each of the Parcel 3 Residential Parcel and the Parcel 4 Residential Parcel, and all improvements constructed and to be constructed thereon, have direct legal and physical access to one or more publicly dedicated, accepted and maintained streets;

(l) No Event of Default or other event or condition which, with the giving of notice or the passage of time, or both, would constitute such an Event of Default, has occurred and is then continuing;

(m) All representations and warranties contained in the Loan Documents are true and correct in all material respects as of the date of such partial reconveyance, as if made on and as of such date;

(n) Borrower shall have paid to Majority Owner all costs and expenses reasonably incurred by Majority Owner in connection with such reconveyance, including reasonable legal fees and expenses;

(o) The Reduced Parcel shall include all beneficial and appurtenant easements over the Commercial Parcels as Majority Owner reasonably requires and the Title Company shall have insured all such beneficial and appurtenant easements as part of Majority Owner's collateral encumbered by the Deed of Trust in the re-write title policy delivered to Majority Owner as one of the Conditions to Conversion under the Note; and

(p) CC&Rs for both Parcel 3 and Parcel 4 shall have been approved by Majority Owner in accordance with 18(i)(ii), above.

19. RIGHT OF SETOFF. Borrower grants to Majority Owner a contractual possessory security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to Majority Owner all Borrower's right, title and interest in and to, Borrower's accounts with Majority Owner (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all Keogh, and trust accounts. Borrower authorizes Majority Owner, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

20. EVENTS OF DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

(a) **Default on Indebtedness.** (i) Borrower fails to make any payment of principal and/or interest under the Note which is due on a Maturity Date on such due date, or (ii) Borrower fails to make any other payment of principal and/or interest under the Note within ten (10) days after due; or

(b) **Other Monetary Default.** Borrower fails to perform any other obligation for the payment of money under this Agreement or any other Related Document executed by Borrower within ten (10) days after Majority Owner gives Borrower written notice that such obligation was not performed; or

(c) **Default under Regulatory Agreements.** Failure of Borrower to comply with or perform when due any term, obligation, covenant, or condition contained in the Regulatory Agreements and failure to cure the same within any cure period specified therein; or

(d) **Default under Subordinate Loan Documents.** Failure of Borrower to comply with or perform when due any term, obligation, covenant, or condition contained in the Subordinate Loan Documents and failure to cure the same within any cure period specified therein or the Subordinate Loan Documents are amended, modified or supplemented or terminated without Majority Owner's express prior written consent; or

(e) **Loss of Tax-Exempt Status of the Tax-Exempt Bonds.** Failure of the interest accruing on the Tax-Exempt Bonds at any time and for any reason to be excluded from federal income tax pursuant to Section 103 of the IRS Code (excluding any period during which the Tax-Exempt Bonds are held by a “substantial user” of the Project or a “related person” within the meaning of Section 147(a) of the Code); or

(f) **Compliance Default.** Failure of Borrower or Guarantor to comply with any other term, obligation, covenant or condition contained in this Agreement, the Note or in any of the Loan Documents or the failure of Borrower to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Majority Owner and Borrower within the cure period expressly set forth in the applicable document. If such a non-payment default is curable and if Borrower or Guarantor, as applicable, has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured (and no Event of Default will have occurred) if Borrower, after Majority Owner sends written notice demanding cure of such failure: (a) cures the failure within thirty (30) days; or (b) if the cure requires more than thirty (30) days, promptly initiates steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance within ninety (90) days after notice is sent; or

(g) **Breaches.** Any warranty, representation, or statement made or furnished to Majority Owner by or on behalf of Borrower or any Guarantor under this Agreement or the is, or at the time made or furnished was, false in any material respect; or

(h) **Insolvency.** The insolvency of Borrower or General Partner or, prior to the Conversion Date, Investor Limited Partner or any Guarantor; appointment of a receiver for any part of Borrower’s or General Partner’s or, prior to the Conversion Date, Investor Limited Partner’s or any Guarantor’s property; any assignment for the benefit of creditors; the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or General Partner or, prior to the Conversion Date, Investor Limited Partner or any Guarantor; provided, however, that Borrower shall have ninety (90) days in which to obtain a dismissal of any such proceedings; or the dissolution or termination of Borrower’s or General Partner’s or, prior to the Conversion Date, Investor Limited Partner’s or Guarantor’s existence as a going business; or

(i) **Creditor Proceedings.** Commencement of foreclosure, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower against any collateral securing the Indebtedness. This includes a garnishment, attachment, or levy on or of any of Borrower’s deposit accounts with Majority Owner. However, this Event of Default shall not apply if there is a good faith dispute by Borrower, as the case may be, as to the validity or reasonableness of the claim which is the basis of the creditor proceeding, and if Borrower gives Majority Owner written notice of the creditor proceeding and furnishes reserves or a surety bond for the creditor proceeding satisfactory to Majority Owner; or

(j) **Defective Collateralization.** This Agreement, the Security Instrument, Bonds or any of the Loan Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and

for any reason and the Agreement is not reinstated (or the security interest or lien is not perfected) within ten (10) days of notice thereof by Majority Owner to Borrower; or

(k) Events Affecting Guarantor. Prior to the Conversion Date, any Guarantor seeks, claims, or otherwise attempts to limit, modify, or revoke the Guaranty; or

(l) Adverse Change. A material adverse change occurs in Borrower's financial condition which reasonably causes Majority Owner to believe the prospect of payment or performance of the Indebtedness is impaired or, prior to the Conversion Date, a material adverse change occurs in Guarantor's financial condition which reasonably causes Majority Owner to believe Guarantor's ability to perform under the Guaranty is impaired; or

(m) Non-Conformance with Plans and Specifications. The Improvements are not constructed in accordance with the Plans and Specifications in all material respects; or

(n) Cessation of Construction. Prior to the completion of construction of the Improvements and equipping of the Project, (i) the construction of the Improvements or the equipping of the Project is abandoned or work thereon ceases for a period of more than thirty (30) consecutive days for any reason *other* than Force Majeure, unless the same do not, in the aggregate and in Majority Owner's reasonable judgment threaten to delay the completion of the Project beyond the required Completion Date, or (ii) the Improvements are not completed for purposes of final payment prior to the Completion Date, regardless of the reason for the delay; or

(o) Transfer of Property. Except for a Permitted Transfer, the sale, transfer, hypothecation, assignment, or conveyance of the Property or the Improvements or any portion thereof or interest therein by Borrower or, prior to the Conversion Date, any Guarantor, without Majority Owner's prior written consent; or

(p) Condemnation. All or any material portion of the Property is condemned, seized, or appropriated without compensation, and Borrower does not within thirty (30) days after such condemnation, seizure, or appropriation, initiate and diligently prosecute appropriate action to contest in good faith the validity of such condemnation, seizure, or appropriation; or

(q) Casualty. The Property is materially damaged or destroyed by fire or other casualty unless Borrower restores the Property in accordance with Section 13(g) of this Agreement and the terms and conditions set forth in the Deed of Trust; or

(r) Injunction. Borrower is enjoined or otherwise prohibited by any governmental agency from construction and/or occupying the Improvements and such injunction or prohibition continues unstayed for thirty (30) days or more for any reason; or

(s) Amendments or Defaults. Any Bond Document, any Regulatory Agreement, any Subordinate Loan Document, any MHP Document or any VHHP Document is amended, modified or terminated without Majority Owner's prior written consent; or a default occurs under any Bond Document, any Regulatory Agreement, any MHP Document, any

VHHP Document or any Subordinate Loan Document, which default is not cured within any applicable cure period expressly set forth therein; or

(t) Equity Capital Contributions. (i) The First Installment, the Second Installment or the Third Installment of Equity Capital Contribution shown on Exhibit D is not made on the date such Equity Capital Contribution is scheduled to be made as shown on Exhibit D; provided, however, the adjustment of the Second Installment and Third Installment of Equity Capital contributions from Investor Limited Partner shall not be an Event of Default hereunder so long as (i) such adjustment does not reduce the amount of such installment in excess of the amount set forth on Exhibit D as being designated for payment of developer fee, and (ii) all amounts designated for repayment of the Loan and or reserve deposits under Exhibit D have been timely made as required thereunder, and provided, further the amount of such Permitted Developer Fee Payments shown on Exhibit F as permitted from any such installment shall be automatically reduced by any such reduction; (ii) a default or event of default occurs under the Partnership Agreement which is not cured or waived in writing within any notice and cure period expressly set forth therein, or (iii) the Partnership Agreement is amended, modified, supplemented or terminated without the express prior written consent of Majority Owner (except as permitted in the Security Agreement); or

(u) Borrower's Funds Account Deposit. Borrower fails to make any required deposit into the Borrower's Funds Account on the date such deposit is due under the terms of this Agreement; or

(v) AHAP, HAP Contract and HAP Payments. (i) The AHAP or any HAP Contract or agreement relating to the AHAP or any HAP Contract is amended, modified, supplemented or terminated without the express prior written consent of Majority Owner, (ii) any default occurs under the AHAP or any HAP Contract beyond any applicable notice and cure period expressly set forth therein, or (iii) any subsidy payment anticipated under the AHAP or provided for under any HAP Contract is reduced for any reason without the express prior written consent of Majority Owner; provided, however, following the Conversion Date and provided that any suspension, reduction or termination is not the result of a default by the Borrower, any such suspension, reduction or termination shall not constitute an Event of Default hereunder if within one (1) year of the suspension, reduction or termination the occupancy and rent levels (including tenant classifications) at the Project are modified to enable the Borrower to continue to pay, together with amounts released from reserves, new rental subsidies (if any), and unsecured partner loans therefor, all debt service and operating expenses of the Project (i.e. a debt service coverage ratio of at least 1.0 to 1.0) for the remaining term of the Loan; or

(w) Other Default. Any "Event of Default" occurs under any Loan Document.

21. EFFECT OF AN EVENT OF DEFAULT; REMEDIES. Upon the occurrence of any Event of Default and at any time thereafter, Majority Owner may, at its option, but without any obligation to do so, and in addition to any other right Issuer, Bond Trustee or Majority Owner may have, do any one or more of the following without notice to

Borrower: (a) cancel this Agreement; (b) institute appropriate proceedings to enforce the performance of this Agreement; (c) withhold its consent to further Advance of Loan funds; (d) expend funds necessary to remedy the default; (e) take possession of the Property and continue construction of the Project; (f) direct Bond Trustee to accelerate maturity of the Note and/or Indebtedness and demand payment of all sums due under the Note and/or Indebtedness; (g) bring an action on the Note and/or Indebtedness (or direct Bond Trustee to do so); (h) foreclose the Deed of Trust on the Property in any manner available under law (or direct Bond Trustee to do so); and (i) exercise any other right or remedy which it has under the Note or , or which is otherwise available at law or in equity or by statute.

22. NONRECOURSE AFTER CONVERSION DATE. Notwithstanding the foregoing or anything else in the Loan Documents to the contrary, except as otherwise expressly provided below, from and after the Conversion Date, Borrower's obligations under this Agreement and the other Loan Documents shall be secured solely by the real and personal property pledged or encumbered under the Deed of Trust and the other Loan Documents, and, subject to the recourse provisions of the Note and the recourse provisions of the Guaranty, no recourse under the Loan Documents shall be had against any of Borrower's assets not so pledged or encumbered or against any of Borrower's partners or their affiliates or any officer, director, commissioner, partner, member or employee of any such partner or affiliate. Notwithstanding the foregoing, (A) Borrower shall be fully and personally liable to Issuer, Bond Trustee and Majority Owner for all indebtedness and other obligations of Borrower under this Agreement, the Note and the other Loan Documents if any of the following occurs: (i) except for a Permitted Transfer, the sale, assignment, encumbrance, or other transfer of the Property, or more than twenty-five percent (25%) of the ownership interests in Borrower, without Majority Owner's prior written consent (in its sole and absolute discretion); or (ii) the encumbrance of the Property by any senior or subordinate deed of trust or other instrument in connection with any financing by Borrower, without Majority Owner's prior written consent (in its sole and absolute discretion) , or (iii) the violation by Borrower of any single asset covenant set forth in this Agreement, the Note or the Loan Documents; and (B) Borrower shall be personally liable to Majority Owner for the full amount of Issuer's, Bond Trustee's, or Majority Owner's loss, damage or cost resulting from (a) fraud or intentional misrepresentation by Borrower or any Guarantor in connection with obtaining the Loan represented by the Note, (b) insurance proceeds, condemnation awards, or other sums or payments attributable to the Property, to the extent they are not being applied in accordance with the provisions of this Agreement, the Note, the Deed of Trust or the other Loan Documents, except to the extent that Borrower did not have the legal right, because of a bankruptcy, receivership, or similar judicial proceeding, to direct disbursement of such sums of payments, (c) all rents, profits, issues, products, and income of the Property received following an Event of Default under this Agreement, the Note, the Deed of Trust or any of the Loan Documents which are not applied to payment of principal and interest owing under the Note (including any amounts received or collected by or on behalf of Borrower after an Event of Default, except to the extent that Borrower did not have the legal right, because of a bankruptcy, receivership, or similar judicial proceeding, to direct the disbursement of such sums), and payments of utilities, taxes, and assessments, insurance, and ground rents, if any, on the Property, as they become due or payable, and (d) Borrower's failure to pay any charges due Issuer, Bond Trustee, or Majority Owner under the Note or any other Loan Documents in connection with any transfer of all or

any part of the Property, or any interest therein, from Borrower to Borrower's transferee, or transfer of beneficial interest in Borrower (and the indebtedness and other obligations of Borrower for which Borrower will be personally liable under the foregoing provisions of this Section 22 is sometimes collectively referred to in the Loan Documents as the "Recourse Indebtedness"). Notwithstanding the foregoing, nothing contained herein shall in any way limit the obligations of Borrower, Guarantor or any other individual or entity under the Guaranty, the Indemnity Agreement, or any other guaranty or indemnity.

23. COMPLETION OF IMPROVEMENTS BY MAJORITY OWNER. If Majority Owner takes possession of the Property, it may take any and all actions necessary in its judgment to complete construction of the Improvements, including but not limited to making changes in the Plans and Specifications, work, or materials and entering into, modifying or terminating any contractual arrangements, subject to Majority Owner's right at any time to discontinue any work without liability. If Majority Owner elects to complete the Improvements, it will not assume any liability to Borrower or to any other person for completing the Improvements or for the manner or quality of construction of the Improvements, and Borrower expressly waives any such liability. Borrower irrevocably appoints Majority Owner as its attorney-in-fact, with full power of substitution, to complete the Improvements, at Majority Owner's option, following an Event of Default, either in Borrower's name or in its own name. In any event, all sums expended by Majority Owner in completing the construction of the Improvements will be considered to have been disbursed to Borrower and will be secured by the collateral for the Loan. Any such sums that cause the principal amount of the Loan to exceed the face amount of the Note will be considered to be an additional Loan to Borrower, bearing interest at the Note rate and being secured by the collateral. For these purposes, Borrower assigns to Majority Owner all of its right, title and interest in and to the Project Documents; however Majority Owner will not have any obligation under the Project Documents unless Majority Owner expressly hereafter agrees to assume such obligations in writing. Majority Owner will have the right to exercise any rights of Borrower under the Project Documents upon the occurrence of an Event of Default. All rights, powers, and remedies of Majority Owner under this Agreement are cumulative and alternative, and are in addition to all rights which Majority Owner may have under applicable law.

24. LIMITATION ON ISSUER'S LIABILITY. The Issuer shall not be obligated to pay the principal of, premium, if any, or interest on the Bonds, except for revenues and other moneys and securities pledged under the Indenture (the "**Revenues**").

Any obligation or liability of the Issuer created by or arising out of this Agreement (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 Bonds nor the delivery of this Agreement shall, directly or indirectly or contingently, obligate the Issuer to make any appropriation for payment of the Bonds. Nothing in the Bonds or this Agreement or the proceedings of the Issuer authorizing the Bonds or in the Act or the Law 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 BONDS ARE ISSUED PURSUANT TO THE LAW AND IN ACCORDANCE WITH THE ACT AND ARE LIMITED OBLIGATIONS OF THE ISSUER. NEITHER THE ISSUER, NOR ANY OFFICIAL OR EMPLOYEE OF THE ISSUER, NOR ANY PERSON EXECUTING THE BONDS SHALL BE LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE ONLY FROM THE SOURCES DESCRIBED IN THE LOAN AGREEMENT. NEITHER THE ISSUER, THE STATE NOR ANY OTHER POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF SUCH BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE MONEY PLEDGED THEREFOR.

THE BONDS AND THE INTEREST THEREON DO NOT AND SHALL NEVER CONSTITUTE A DEBT OF INDEBTEDNESS OR A GENERAL OBLIGATION OF THE ISSUER, THE STATE OR ANY MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE NOR ANY POLITICAL CORPORATION OR SUBDIVISION OR AGENCY THEREOF NOR THE FAITH AND CREDIT OF THE ISSUER IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE OR OTHER COSTS INCIDENT THERETO. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Agreement contained, against, the Issuer, any past, present or future member of its governing body, its officers, attorneys, accountants, financial advisors, agents or staff or the officers, attorneys, accountants, financial advisors, agents or staff of any successor public entity, as such, either directly or through the Issuer or any successor public entity, under any rule of law or penalty of otherwise, and all such liability of the Issuer, any member of its governing body and its officers, attorneys, accountants, financial advisors, agents and staff is hereby, and by the acceptance of the Bonds, expressly waived and released as a condition of, and in consideration for, the execution of this Agreement and the issuance of the Bonds. It is recognized that notwithstanding any other provision of this Agreement, neither Borrower nor any Owner shall look to the Issuer or its officers, program participants, attorneys, accountants, financial advisors, agents or staff for damages suffered by Borrower or such Owner as a result of the failure of the Issuer to perform any covenant, undertaking or obligation under this Agreement, the Bonds, the Regulatory Agreement, any of the Bond Documents or 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 Delivery Date. Although this Agreement recognizes that

such documents shall not give rise to any pecuniary liability of the Issuer, nothing contained in this Agreement shall be construed to preclude in any way any action or proceeding (other than that element of any action or proceeding involving a claim for monetary damages against the Issuer) in any court or before any governmental body, agency or instrumentality or otherwise against the Issuer or any of its officers or employees to enforce the provisions of any of such documents which the Issuer is obligated to perform and the performance of which the Issuer has not assigned to the Trustee or any other person.

25. MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

(a) Agency. Nothing in this Agreement shall be construed to constitute the creation of a partnership or joint venture between Majority Owner and Borrower or any contractor. Majority Owner is not an agent or representative of Borrower. This Agreement does not create a contractual relationship with and shall not be construed to benefit or bind Majority Owner in any way with or create any contractual duties by Majority Owner to any contractor, subcontractor, materialman, laborer, or any other person. Majority Owner's activities in connection with the Loan shall not be "outside the scope of the activities of a lender of money" within the meaning of California Civil Code Section 3434, as modified or recodified from time to time, and Majority Owner does not intend to ever assume any responsibility to any Person for the quality or safety of the Property. Majority Owner shall not be deemed responsible for or a participant in any acts, omissions or decisions of Borrower.

(b) Amendments. This Agreement, together with any Exhibits attached hereto, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

(c) Applicable Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California. The loan transaction which is evidenced by the Note and this Agreement has been applied for, considered, approved, and made in the State of California. **IF THERE IS A LAWSUIT, GRANTOR AND BORROWER, AT MAJORITY OWNER'S OPTION, AGREE TO SUBMIT TO THE JURISDICTION OF THE SUPERIOR COURT OF CALIFORNIA FOR SAN DIEGO COUNTY.**

(d) JURY WAIVER. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY

HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(e) Judicial Reference.

(i) The parties hereto agree that any and all disputes, claims and controversies arising out of the Loan Documents or the transactions contemplated thereby (including, without limitation, actions arising in contract or tort and any claims by a party against Majority Owner related in any way to the or the transactions contemplated hereunder) (a “**Dispute**”) that are brought before a forum in which the pre-dispute waivers of the right to trial by jury set forth in Section 25(d) above are invalid under applicable law shall be subject to the terms of this Section 25(e) in lieu of the jury trial waivers set forth in Section 25(d) or as otherwise provided in the Loan Documents.

(ii) Any and all such Disputes shall be heard by a referee and resolved by judicial reference pursuant to California Code of Civil Procedure § 638 et seq. The parties shall use their respective commercially reasonable and good faith efforts to agree upon and select such referee, who shall be a retired California state or federal judge, provided, however, that the parties shall not appoint a referee that may be disqualified pursuant to California Code of Civil Procedure § 641 or § 641.2 without the prior written consent of all the parties. If the parties are unable to agree upon a referee within ten (10) calendar days after a party serves written notice of intent for judicial reference upon the other party or parties, then the referee shall be selected by the court in accordance with California Code of Civil Procedure § 640(b). The referee shall render a written statement of decision and shall conduct the proceedings in accordance with the California Code of Civil Procedure, the Rules of Court and the California Evidence Code, except as otherwise specifically agreed by the parties and approved by the referee. The referee’s statement of decision shall set forth findings of fact and conclusions of law. The referee’s decision shall be entered as a judgment in the court in accordance with the provisions of California Code of Civil Procedure §§ 644-645. The decision of the referee shall be appealable to the same extent and in the same manner that such decision would be appealable if rendered by a judge of the superior court.

(iii) If a Dispute includes multiple claims, some of which are found not subject to this Agreement, the parties shall stay the proceedings of the Disputes or part or parts thereof not subject to this Agreement until all other Disputes or parts thereof are resolved in accordance with this Agreement. If there are Disputes by or against multiple parties, some of which are not subject to this Agreement, the parties shall sever the Disputes subject to this Agreement and resolve them in accordance with this Agreement.

(iv) Nothing in this Section 25(e) shall be deemed to apply to or limit the rights of Majority Owner, Bond Trustee or Issuer (i) to exercise self-help remedies, including, without limitation, setoff, or (ii) to foreclose judicially or nonjudicially against any

real or personal property collateral, or to exercise judicial or nonjudicial power of sale rights, or (iii) to obtain from a court provisional or ancillary remedies, including, without limitation, injunctive relief, writ(s) of possession, prejudgment attachment, protective order(s) or the appointment of a receiver, or (iv) to pursue rights against a party in a third-party proceeding in any action brought against Majority Owner, Bond Trustee or Issuer, including, without limitation, actions in bankruptcy court. Majority Owner, Bond Trustee or Issuer may exercise the foregoing rights before, during or after the pendency of any judicial reference proceeding. The failure to exercise any of the foregoing remedies shall not constitute a waiver of the right of any party, including, without limitation, the claimant in any such action, to require submission to judicial reference the merits of the Dispute giving rise to such remedies. No provision in the Loan Documents regarding submission to jurisdiction and/or venue in any court is intended or shall be construed to be in derogation of the provisions in this Section for judicial reference of any Dispute.

(v) During the pendency of any Dispute which is submitted to judicial reference in accordance with this Section, each of the parties to such Dispute shall bear equal share of the fees charged and costs incurred by the referee in performing the services described herein. The compensation of the referee shall not exceed the prevailing rate for like services. The prevailing party shall be entitled to reasonable court costs and legal fees, including customary attorneys' fees, expert witness fees, the fees of the referee and other reasonable costs and disbursements charged to the party by its counsel, in such amounts as determined by the referee.

(vi) Each party hereto acknowledges and agrees that the provisions of this Section constitute a material inducement to enter into this Agreement, the Loan Documents and to consummate the transactions contemplated thereunder, and that the parties will continue to be bound by and rely on such provisions in the course of their dealings with regard to any Dispute governed by the provisions of this Section. Each party hereto further warrants and represents that it has reviewed these provisions with legal counsel of its own choosing, or has had the opportunity to do so, and that it knowingly and voluntarily agrees to abide by the provisions of this Section having had the opportunity to consult with legal counsel.

(vii) THIS SECTION CONSTITUTES A "REFERENCE AGREEMENT" BETWEEN OR AMONG THE PARTIES WITHIN THE MEANING OF AND FOR THE PURPOSES OF CALIFORNIA CODE OF CIVIL PROCEDURE § 638. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS EVIDENCE OF EITHER OR ALL PARTIES' CONSENT AND AGREEMENT TO HAVE ANY AND ALL DISPUTES HEARD AND DETERMINED BY A REFEREE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE § 638. THE PARTIES ACKNOWLEDGE THAT JUDICIAL REFERENCE PROCEEDINGS CONDUCTED IN ACCORDANCE WITH THIS SECTION WOULD BE CONDUCTED BY A PRIVATE REFEREE ONLY, SITTING WITHOUT A JURY.

(f) **Guaranties Unsecured.** The Security Documents shall secure Borrower's obligations under the Loan Documents. Notwithstanding the fact that the Loan Agreement or any may now or hereafter include one or more Guaranties and/or other

documents creating obligations of Persons other than Borrower, and notwithstanding the fact that any Security Document may now or hereafter contain general language to the effect that it secures “the ” or the “Loan Documents,” no Security Document shall secure any Guaranty, or any other obligation of any Person other than Borrower, unless such Security Document specifically describes such Guaranty or other obligation as being secured thereby.

(g) Authority to File Notices. Borrower appoints and designates Majority Owner as its attorney-in-fact to file for record any notice that Majority Owner deems necessary to protect its interest under this Agreement. This power shall be deemed coupled with an interest and shall be irrevocable while any sum or performance remains due and owing under any of the Bonds, the Bond Documents or the Loan Documents.

(h) Maintenance of Depository Relationship. Borrower shall, at all times while any portion of the Note remains unpaid, maintain a depository relationship with Majority Owner, or a subsidiary or affiliate of Majority Owner, unless the same is contrary to state or federal law or regulation.

(i) Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

(j) Majority Owner’s Right to Sell Participations in the Bonds. Subject to the terms of the Indenture, Majority Owner may at any time sell, assign, transfer, negotiate, grant participations in, or otherwise dispose of, to any one or more other lenders (hereinafter called “Participants”) all or any part of the indebtedness of Borrower at any time outstanding under the or the Loan Documents. Borrower acknowledges and agrees that any such disposition will give rise to an obligation of Borrower to each Participant and that, in such event, each Participant shall, for all purposes hereof, be entitled to the benefits under the Loan Documents and all other documents, instruments, and agreements therein described, as its interest may appear. Borrower shall, from time to time at the request of Majority Owner, at Majority Owner’s sole cost and expense, execute and deliver, or cause to be executed and delivered, to Majority Owner or to such party or parties (including any Participant) as Majority Owner may designate, any and all such further instruments as may in the opinion of Majority Owner be necessary or desirable to give full force and effect to such disposition and such estoppel certificates or other instruments as may be requested from Borrower to evidence the continuing validity of the or the Loan Documents and the absence of any default by Majority Owner thereunder. Notwithstanding the foregoing, no Participant shall be deemed a direct lender or co-lender with Majority Owner and no Participant shall acquire any rights under the Indenture.

(k) Costs and Expenses. Borrower agrees to pay upon demand all of Majority Owner’s out-of-pocket expenses, including reasonable and actual attorneys’ fees, incurred in connection with this Agreement or in connection with the Loan made pursuant to this Agreement. Majority Owner may pay someone else to help collect the Loan and to enforce this Agreement and Borrower will pay that amount. This includes, subject to any limits under applicable law, Majority Owner’s attorneys’ fees and legal expenses, whether or not there is a

lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any post-judgment collection services. Borrower also will pay any court costs, in addition to all other sums provided by law.

(l) Entire Agreement. This Agreement and the Loan Documents constitute all of the agreements between the parties relating to the Project and supersede all other prior or concurrent oral or written agreements or understandings relating to the Project.

(m) Notices. All notices required to be given under this Agreement shall be given in writing and shall be effective when actually delivered or when deposited in the United States mail, first class, postage prepaid, addressed to the party to whom the notice is to be given at the following addresses:

Borrower:

CUATRO AT CITY HEIGHTS LP
c/o Wakeland Housing and Development Corporation
1230 Columbia Street
Suite 950
San Diego, California 92101
Attention: President and CEO

With a copy to:

Goldfarb & Lipman LLP
1300 Clay Street
11th Floor
Oakland, California 94612
Attention: Heather J. Gould

Issuer:

SAN DIEGO HOUSING COMMISSION/HOUSING FINANCE
1122 Broadway
Suite 300
San Diego, California 92101
Attention: Vice President of Multifamily Housing Finance
Facsimile: (619) 578-7356

With a copy to (which shall not constitute notice to the Authority):

OFFICE OF THE SAN DIEGO CITY ATTORNEY
1200 Third Avenue
Suite 1620
San Diego, California 92101
Attention: Marguerite Middaugh, Esq.
Facsimile: (619) 236-7215

Majority Owner:

BANNER BANK
5930 Granite Lake Drive
Suite 170
Granite Bay, California 95746
Attention: Waheed Karim
Loan Nos. 14018431 and 14018432

Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. To the extent permitted by applicable law, if there is more than one Borrower, notice to any Borrower will constitute notice to all Borrowers. For notice purposes, Borrower agrees to keep Majority Owner informed at all times of Borrower's current address(es). A copy of any written notice of an Event of Default to Borrower shall also be given to Investor Limited Partner at the address set forth in Section 25(n) below; provided, however, that Bank shall have no liability to Investor Limited Partner for any failure to deliver a copy of such notice to Investor Limited Partner so long as the requirements of such Section 25(n) below are satisfied.

(n) Notice and Cure Rights of Investor Limited Partner. Majority Owner agrees that it shall not instruct Bond Trustee to or directly complete a foreclosure sale of the Property or record a deed-in-lieu of foreclosure with respect to the Property (each, a "**Foreclosure Remedy**") unless and until Investor Limited Partner (or its designee(s), if applicable) has first been given thirty (30) days' written notice of the default(s) or Event(s) of Default giving rise to Majority Owner's right to complete such Foreclosure Remedy, and Investor Limited Partner has failed, within such thirty (30) day period, to cure such default(s) and Event(s) of Default; provided, however, that Majority Owner shall be entitled during such thirty (30) day period to continue to pursue all of its rights and remedies under the Loan Documents, including, but not limited to, acceleration of the Note (subject to any de-acceleration provisions specifically set forth in the Loan Documents or otherwise available under applicable law), exercise of its rights and remedies under the Loan Documents, commencement and pursuit of foreclosure (but not completion of the foreclosure sale), enforcement of any guaranty (subject to any notice and cure provisions contained therein), and/or enforcement of any other Loan Document. It is the express interest of the parties hereunder that Majority Owner shall have the right to pursue all rights and remedies except completion of a Foreclosure Remedy without liability to Investor Limited Partner for failure to provide notice to Investor Limited Partner, and that Majority Owner's liability hereunder shall be expressly limited to actual damages to Investor Limited Partner directly caused by Majority Owner's completion of a Foreclosure Remedy without Investor Limited Partner receiving the notice and opportunity to cure described above. Majority Owner's failure to give any such notice for any reason shall not act to impair or waive any remedy or right of Majority Owner under this Agreement or any other Loan Document. Unless expressly prohibited by law, Investor Limited Partner agrees to record a "Request for Notice," or similar appropriate document requesting notice of any foreclosure sale, in the Official Records of the County in which the Property is located and in the event the Majority Owner has not sooner provided notice to Investor Limited Partner, the receipt by the Investor Limited Partner of such notice of

foreclosure sale shall be deemed to be notice to the Investor Limited Partner as contemplated hereunder. Except as specifically provided herein or in any other Loan Document, Majority Owner's failure to give any such notice for any reason shall not act to impair or waive any remedy or right of Majority Owner under this Agreement or any other Loan Document. Majority Owner shall give Investor Limited Partner notice at the address set forth below or such other address as Investor Limited Partner may instruct Majority Owner in writing from time to time:

U.S. Bancorp Community Development Corporation
1307 Washington Avenue
Suite 300
Mail Code: SL MO RMCD
St. Louis, Missouri 63103
USB Project No. 28308
Attn.: Director of LIHTC Project Management

With a copy to:

Kutak Rock LLP
1650 Farnam Street
Omaha, Nebraska 68102
Attention: Jill Goldstein, Esq.

Majority Owner shall accept or reject any tender of cure of an Event of Default by Borrower's Investor Limited Partner on the same terms under which Majority Owner would accept or reject such tender of cure by Borrower.

(o) Severability. If a court of competent jurisdiction finds any provision of this Agreement to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Agreement in all other respects shall remain valid and enforceable.

(p) Survival. All warranties, representations, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Majority Owner under this Agreement shall be considered to have been relied upon by Majority Owner and will survive the making of the Loan and delivery to Majority Owner of the Bonds, regardless of any investigation made by Majority Owner or on Majority Owner's behalf.

(q) Time of the Essence. Time is of the essence hereof.

(r) Waiver. Majority Owner shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Majority Owner. No delay or omission on the part of Majority Owner in exercising any right shall operate as a

waiver of such right or any other right. A waiver by Majority Owner of a provision of this Agreement shall not prejudice or constitute a waiver of Majority Owner's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Majority Owner, nor any course of dealing between Majority Owner and Borrower, or between Majority Owner and any Grantor, shall constitute a waiver of any of Majority Owner's rights or of any obligations of Borrower or of any Grantor as to any future transactions. Whenever the consent of Majority Owner is required under this Agreement, the granting of such consent by Majority Owner in any instance shall not constitute continuing consent in subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Majority Owner.

(s) Multiple Parties; Corporate Authority. All obligations of Borrower under this Agreement shall be joint and several, and all references to Borrower shall mean each and every Borrower. This means that each of the Borrowers signing below is responsible for all obligations in this Agreement. Where any one or more of the parties are corporations or partnerships or limited liability companies, it is not necessary for Majority Owner to inquire into the powers of any of the parties or of the officers, directors, partners, members, or agents acting or purporting to act on their behalf.

(t) Errors and Omissions. Borrower, for and in consideration of the Loan, agrees, if requested by Majority Owner, to fully cooperate and adjust for clerical errors, if any, in any or all of the Loan Documents if deemed necessary or desirable in the reasonable discretion of Majority Owner to enable Majority Owner to sell, convey, seek guaranty or market said Loan to any entity, including but not limited to an investor, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Federal Housing Authority or the Department of Veteran Affairs, or any municipal bonding authority. Borrower agrees to comply with all above noted requests by Majority Owner within thirty (30) days from date of mailing said requests. Borrower agrees to assume all costs including, by way of illustration and not limitation, actual expenses, legal fees and marketing losses for failing to comply with correction requests in above noted time period.

(u) Right of Setoff. Borrower grants to Majority Owner a contractual security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to Majority Owner all Borrower's right, title and interest in and to, Borrower's accounts with Majority Owner (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA and Keogh accounts, and all trust accounts for which the grant of a security interest would be prohibited by law. Borrower authorizes Majority Owner, to the extent permitted by applicable law, to charge or setoff all sums owing on this Note against any and all such accounts.

(v) Adjustment of Interest Rate Upon Loss of Tax Exclusion. The interest rates applicable under the Tax-Exempt Note and with respect to the Bonds are based on the assumption that interest income paid on the Bonds and received by the owners of the Bonds will be excludable from gross income under Section 103 of the Code and applicable State law, except for the Bonds when owned by a "substantial user" of the Project or a "related person"

within the meaning of Section 147(a) of the Code (as defined in the Indenture). In the event that (i) Majority Owner receives a written opinion from a nationally recognized bond counsel to the effect that, in such counsel's opinion, interest on the Bonds will not be excluded from gross income of such owners for federal income tax purposes, other than as a result of the Bonds being held by a "substantial user" or a "related party" to such "substantial user" as used in Section 147(a) of the Code; or (ii) any owner receives notice from the Internal Revenue Service or other government agency that interest payable on the Bonds are not excludable from gross income of such owner for federal income tax purposes other than as a result of the being held by a "substantial user" or a "related party" to such "substantial user" as used in Section 147(a) of the Code, or that the Internal Revenue Service is challenging the tax-exempt status of the interest on the Bonds, then the interest rate on the Tax-Exempt Note, the and on all obligations under this Agreement shall be increased to a rate equal to the "Prime Rate" in effect for Banner Bank from time to time plus 2.00% (subject to any maximum interest rate permitted under the Act or other applicable law). In addition, Majority Owner shall be paid, promptly upon demand, an amount equal to the difference between the amount of interest payable on the Tax-Exempt Note from the date on which such loss of tax exemption on the Bonds shall be applicable to the date on which the interest rate on the Tax-Exempt Note was increased and the amount of interest that would have been payable on the Tax-Exempt Note during such period had the Tax-Exempt Note borne interest during such period at such higher rate. If, following any increase in interest rates pursuant to this Section, a final determination is made, to the satisfaction of Majority Owner, that interest paid on the Bonds was, at all times prior to the determination, and will continue to be, excludable from the owner's gross income under Section 103 of the Code and applicable state law, Majority Owner shall promptly refund within 30 days of receipt of such determination of a demand to the Borrower any additional interest paid by the Borrower pursuant to this Section.

(w) Subordination to Extended Use Agreement. In order to receive an allocation of low income housing tax credits, Borrower will be required to record in the real property records of the county in which the property is located, an "extended low-income housing commitment" (as defined in Code Section 42(h)(6)(B)) (the "**Extended Use Agreement**"). Majority Owner agrees that the lien of the Deed of Trust may be subordinated to the Extended Use Agreement, provided, however, that the following conditions are met:

(i) under the terms of the Extended Use Agreement, if Majority Owner, or its successors or assigns (collectively, the "**REO Owner**") acquire the Property and Improvements by foreclosure (or instrument in lieu of foreclosure), then the "extended use period" (as defined in Code Section 42(h)(6)(D)) shall terminate, except for the obligation of the REO Owner to comply with the limitations on evictions, termination of tenancy and increase in rents for the three year period following the REO Owner's acquisition of the Property, as set forth in Code Section 42(h)(6)(E)(ii).

(x) NOTICE, REPRESENTATIONS, WARRANTIES AND COVENANTS REGARDING COMPLIANCE WITH ANTI-TERRORISM LAWS. To help the government fight the funding of terrorism and money laundering activities, Federal law requires Majority Owner to obtain, verify, and record information that identifies each person who opens an account. This means that Majority Owner will ask for Borrower's name,

Tax ID number, address, date of birth, and other information, as applicable, including identifying documents that will allow Majority Owner to properly identify Borrower. In addition, Borrower hereby represents and warrants to, and agrees with, Majority Owner as follows regarding Anti-Terrorism Laws:

(i) None of Borrower or any loan guarantor or their respective constituents or affiliates or any of their respective agents acting or benefiting in any capacity in connection with the Loan (collectively, the “**Borrower Parties**”, each a “**Borrower Party**”) is in violation of any laws relating to terrorism or money laundering, including, but not limited to, Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the “**Executive Order**”) and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 (“**Patriot Act**”), collectively referred to herein as “**Anti-Terrorism Laws**”;

(ii) No action, proceeding, investigation, charge, claim, report, or notice has been filed, commenced, or threatened against any Borrower Party alleging any violation of any Anti-Terrorism Law;

(iii) No Borrower Party has, after due investigation and inquiry, knowledge, or notice of any fact, event, circumstance, situation, or condition that could reasonably be expected to result in (i) any action, proceeding, investigation, charge, claim, report, or notice being filed, commenced, or threatened against any of them alleging any violation of, or failure to comply with, any Anti-Terrorism Law, or (ii) the imposition of any civil or criminal penalty against any of them for any failure to so comply;

(iv) No Borrower Party or, to Borrower’s knowledge, the seller of the Property (if any portion of the Property is being acquired with proceeds of the Loan), is a “Prohibited Person.” A Prohibited Person means any of the following:

(a) a person or entity that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order;

(b) a person or entity owned or controlled by, or acting for or on behalf of, any person or entity that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order;

(c) a person or entity with whom Majority Owner is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(d) a person or entity who commits, threatens, or conspires to commit or supports “terrorism” as defined in the Executive Order; or

(e) a person or entity that is named as a “specially designated national and blocked person” on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website or any replacement website or other replacement official publication of such list;

(v) No Borrower Party or, to Borrower's knowledge, the Seller of the Property (if any portion of the Property is being acquired with proceeds of the Loan) (i) conducts any business or engages in making or receiving any contribution of funds, goods, or services to or for the benefit of any Prohibited Person, (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order, or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law;

(vi) Borrower shall not (i) conduct any business or engage in making or receiving any contribution of funds, goods, or services to or for the benefit of any Prohibited Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or any other Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law;

(vii) Notwithstanding any other provision of this Agreement, before any assignment, mortgage, encumbrance, pledge, hypothecation or grant of a security interest in all or any direct or indirect ownership interest in Borrower, and before any changes in direct or indirect ownership of any Borrower Party, Borrower shall give a written notice to Majority Owner (i) advising Majority Owner, in reasonable detail as to the proposed ownership change, and (ii) reaffirming that the representations and warranties herein contained will remain true and correct.

Borrower agrees to deliver to Majority Owner any certification, other evidence requested from time to time by Majority Owner in its reasonable discretion, and sufficient information (including names, addresses, and where applicable, jurisdiction of formation or organization) to reasonably permit Majority to verify and confirm the accuracy of, and Borrower's compliance with, the foregoing representations, warranties and agreements.

[Signature pages follow]

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS CONSTRUCTION AND TERM LOAN AGREEMENT, AND BORROWER AGREES TO ITS TERMS. THIS AGREEMENT IS DATED AS OF THE DATE FIRST SET FORTH ABOVE.

BORROWER:

CUATRO AT CITY HEIGHTS LP,
a California limited partnership

By: Cuatro at City Heights LLC,
a California limited liability company,
its managing general partner

By: Wakeland Housing and Development Corporation,
a California nonprofit public benefit corporation,
its sole member and manager

By: _____
Peter Armstrong
Vice President of Real Estate
Development

ISSUER:

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By: _____
Name: _____
Title: _____

MAJORITY OWNER:

BANNER BANK,
a Washington corporation

By: _____
Waheed Karim
Vice President

EXHIBIT A
REAL PROPERTY

Exhibit A

EXHIBIT B
BUDGET

Exhibit B

EXHIBIT C

INTENTIONALLY OMITTED

Exhibit C

EXHIBIT D

SCHEDULE OF EQUITY CAPITAL CONTRIBUTIONS

From Investor Limited Partner:

<u>Installment</u>	<u>Amount</u>	<u>Require Date</u>	<u>Construction Source (Yes/No)</u>
First Installment	\$ _____	Closing Date	Yes
Second Installment	\$ _____	Satisfaction of the conditions precedent to the Second Installment of Equity Capital Contributions set forth on Exhibit A-1 of the Partnership Agreement from Investor Limited Partner, but in any event prior to the initial Interim Construction Loan Date	No
Third Installment	\$ _____	Satisfaction of the conditions precedent to the Third Installment of Equity Capital Contributions set forth on Exhibit A-1 of the Partnership Agreement from Investor Limited Partner, but in any event prior to the Interim Construction Loan Maturity Date (as may be extended in accordance with the Tax-Exempt	No

Exhibit D

		Note)	
Fourth Installment	\$ _____	Satisfaction of the conditions precedent to the Fourth Installment of Equity Capital Contributions set forth in Exhibit A-1 of the Partnership Agreement from Investor Limited Partner	No

From General Partner:

First Installment	\$100	Closing Date	Yes
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Exhibit D

EXHIBIT E

LOAN DOCUMENTS

1. This Agreement
2. The Tax-Exempt Note
3. The Taxable Note
4. The Deed of Trust
5. Deed of Trust Assignment
6. The Subordination Agreements
7. Commercial Guaranty dated as of even date herewith, executed by Guarantor in favor of Issuer
8. Hazardous Waste Warranty and Indemnification Agreement dated as of even date herewith, from Borrower and Guarantor to Issuer, Bond Trustee and Majority Owner
9. Assignment of Construction Contracts and Permits dated as of even date herewith, from Borrower to Issuer
10. Assignment of Architect Contracts and Plans dated as of even date herewith, from Borrower to Issuer
11. Assignment of Engineering Contracts dated as of even date herewith, from Borrower to Issuer
12. Assignment of Rights under Development Agreement dated as of even date herewith, from Borrower to Issuer
13. Assignment of Rights under Management Agreement dated as of even date herewith, from Borrower to Issuer
14. Assignment of AHAP (and Consent from Contract Administrator attached thereto)
15. Security Agreement (Assignment of Partnership Interests and Capital Obligations) dated as of even date herewith, from Borrower and General Partner to Issuer
16. Replacement Reserve and Security Agreement
17. State of California Uniform Commercial Code Financing Statement Forms UCC-1, naming Borrower as debtor for the benefit of Issuer, as secured party, and Bond

Exhibit E

Trustee as assignee of secured party, relating to the Deed of Trust, filed with the California Secretary of State

18. Partnership Agreement to Borrower and Grant Security executed by General Partner in favor of Issuer, Bond Trustee and Majority Owner
19. Certificate and Resolutions of general partner of Borrower
20. Corporate Resolution to Guaranty
21. Opinions of counsel to Borrower, general partner of Borrower and any guarantor with respect to the due authorization, execution, delivery and enforceability of the Loan Documents to which they are a party
22. Opinion of Bond Counsel regarding the exemption of the interest on the Tax-Exempt Bonds from federal income taxation

Exhibit E

EXHIBIT F

PERMITTED DEVELOPER FEE SCHEDULE

Source of Payment	Amount Permitted	Timing of Payment
First Installment of Equity Capital Contributions from Investor Limited Partner	\$ _____	Closing Date
Second Installment of Equity Capital Contributions from Investor Limited Partner	\$ _____	Upon satisfaction of Conditions precedent to Second Capital Contribution from Investor Limited Partner
Third Installment of Equity Capital Contributions from Investor Limited Partner	\$ _____	Upon Investor Limited Partner's making of its Third Installment of Equity Capital Contributions, but not prior to the Conversion Date
Fourth Installment of Equity Capital Contributions	\$ _____	Upon Investor Limited Partner's making of its Fourth Installment of Equity Capital Contributions, but not prior to the Conversion Date
Net Cash Flow	\$ _____	Following Conversion Date and only to the extent net operating income is available

Exhibit F

**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:
Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Josh D. Anzel, Esq.**

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS
(3951 UNIVERSITY AVENUE)**

By and Between

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

and

CUATRO AT CITY HEIGHTS LP,

Dated as of February 1, 2024

Relating to:

**\$47,111,000
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Cuatro at City Heights)
Series 2024C-1**

**[\$C-2 Amount]
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Cuatro at City Heights)
Series 2024C-2 (Taxable)**

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**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS
(3951 UNIVERSITY AVENUE)**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (3951 UNIVERSITY AVENUE) (this "**Regulatory Agreement**"), dated as of February 1, 2024, by and between the Housing Authority of the City of San Diego, a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California (together with any successor to its rights, duties and obligations, the "**Authority**") and Cuatro at City Heights LP, a California limited partnership (the "**Borrower**").

W I T N E S S E T H

WHEREAS, the Authority is a California housing authority acting under the Housing Authorities Law, Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (the "**Act**"); and

WHEREAS, pursuant to the Act, the Authority is authorized to issue bonds or notes to finance the acquisition, construction and equipping of multifamily rental housing for families and individuals of low income and very low income within the City of San Diego, California (the "**City**"); and

WHEREAS, the Authority is a political subdivision (within the meaning of that term in the Regulations of the Department of Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "**Code**")); and

WHEREAS, on February 13, 2024, the legislative body of the Authority adopted a resolution (the "**Resolution**") authorizing the issuance of revenue bonds in connection with financing the acquisition, construction, and equipping of a scattered-site project within the City to be known as "Cuatro at City Heights," consisting of the following: (i) a 25-unit (including one manager's unit) multifamily rental housing facility located at 4050 El Cajon Boulevard ("**4050 El Cajon**"); (ii) a 71-unit (including one manager's unit) multifamily rental housing facility located at 4050 and 4102-4122 University Avenue (together with 4050 El Cajon, the "**Other Development**"); and (iii) a 21-unit multifamily rental housing facility located at 3951 University Avenue (as more particularly defined herein, the "**Development**," and together with the Other Development, the "**Project**"); and

WHEREAS, in furtherance of the purposes of the Act and the Resolution and as a part of the Authority's plan of financing residential rental housing, the Authority has issued its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cuatro at City Heights) Series 2024C-1 in the aggregate principal amount of \$47,111,000 (the "**Tax-Exempt Bonds**") and its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cuatro at City Heights) Series 2024C-2 (Taxable) in the aggregate principal amount of \$[C-2 Amount] (the "**Taxable Bonds**" and, together with the Tax-Exempt Bonds, the "**Bonds**") to Banner Bank, a Washington corporation ("**Banner Bank**"), whose proceeds will be used to make a loan to the Borrower (the "**Loan**") to enable the Borrower to finance the acquisition, construction and equipping of the Project for the public purpose of providing decent, safe and sanitary housing for families and individuals of low income and very low income; and

WHEREAS, the Authority, Borrower and Banner Bank, as “Majority Owner” and “Servicer” (as such terms are defined in the Indenture (defined herein)), have entered into a Loan Agreement (as defined herein), providing the terms and conditions under which the Authority will make the Loan to the Borrower to finance the acquisition, construction and equipping of the Project; and

WHEREAS, all things necessary to make the Bonds, when issued as provided in the Indenture, the valid, binding, and limited obligations of the Authority according to the import thereof, and to constitute the Indenture a valid assignment of the amounts pledged to the payment of the principal of, and premium, if any, and interest on the Bonds, have been done and performed, and the creation, execution, and delivery of the Indenture, and the execution and issuance of the Bonds, subject to the terms thereof, in all respects have been duly authorized; and

WHEREAS, the Authority has obtained an allocation for the Project of a portion of the State of California’s private activity bond volume cap, within the meaning of Section 146 of the Code, in accordance with the procedures established by the California Debt Limit Allocation Committee (“**CDLAC**”); and

WHEREAS, the Code and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Development be restricted in certain respects, and in order to ensure that the Development will be owned and operated in accordance with the Code and the Act, the Authority and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction, equipping and operation of the Development;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Authority and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. The following terms shall have the respective meanings assigned to them in this Section 1, unless the context in which they are used clearly requires otherwise:

“Adjusted Income” means the adjusted income of all persons who intend to reside in one residential unit, calculated in the manner determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code.

“Affiliate” means (1) a Person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (2) a Person who together with the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein), (3) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or (4) an S Corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

“Area” means the San Diego County, California, Primary Metropolitan Statistical Area.

“Authority Fee” means (i) the administrative fee of the Authority payable on the Closing Date in the amount of \$ _____ and the ongoing administrative fee payable every 12

months, commencing February 1, 2025, in the amount of \$_____ until the Conversion Date and, on the first February 1 following the Conversion Date and thereafter, the ongoing administrative fee payable every 12 months in an amount equal to 0.125% of the outstanding principal amount of the Bonds on the Conversion Date, provided, however, that the ongoing administrative fee shall in no event be less than \$10,000.00; and (ii) an annual occupancy monitoring fee, separately from, and in addition to, the annual ongoing administrative fee referred to in clause (i) of this definition, to the San Diego Housing Commission (the “**Commission**”), for the total number of units monitored by the Commission. The annual occupancy monitoring fee described in clause (ii) of this definition is subject to annual adjustment. The Borrower agrees to pay the Commission, an initial occupancy monitoring fee in the amount set forth in schedules promulgated by Commission from time to time.

“**Banner Bank**” has the meaning given to it in the recitals hereto.

“**Bonds**” has the meaning given to it in the recitals hereto.

“**Borrower’s Tax Certificate**” means the Certificate Regarding Use of Proceeds, dated as of the Closing Date, with respect to certain Development Costs, executed by the Borrower delivered to the Authority by the Borrower.

“**CDLAC**” has the meaning given to it in the recitals hereto.

“**CDLAC Resolution**” means, Resolution No. 23-203 adopted by CDLAC on August 23, 2023, awarding an aggregate allocation of \$47,111,000 to the Project and the Tax-Exempt Bonds, as such resolution may be modified or amended from time to time.

“**Certificate of Continuing Program Compliance**” means the certificate with respect to the Project to be filed by the Borrower with the Authority, which shall be substantially in the form attached hereto as Appendix B.

“**Closing Date**” means the date of delivery of the Bonds.

“**Code**” has the meaning given to it in the recitals hereto.

“**Completion Date**” has the meaning given to it in the Loan Agreement.

“**Conversion Date**” has the meaning given to it in the Loan Agreement.

“**Development**” means, collectively, (a) the Development Site, (b) all buildings, improvements, fixtures, machinery and equipment thereon, excluding any commercial space and associated improvements, fixtures, machinery and equipment included therein, and (c) all additions, modifications, improvements, replacements and substitutions to the Development Site or the items described in clause (b), above.

“**Development Costs**” mean to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, construction and equipping of the Project, whether paid or incurred prior to or after the 60th day preceding the Inducement Date, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the

costs of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Bond Counsel.

“Development Facilities” mean the buildings, structures and other improvements on the Development Site that are being financed with proceeds of the Bonds, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements.

“Development Site” means all of the real estate described in Exhibit A hereto, and all rights and appurtenances appertaining thereto.

“Event of Default” has the meaning given to it in Section 15 hereof.

“Income Certification” means the Income Computation and Certification Form in substantially the form attached hereto as Appendix C.

“Indenture” means the Trust Indenture, dated as of February 1, 2024, between the Authority and Trustee, pursuant to which the Bonds have been issued, as amended or supplemented from time to time.

“Inducement Date” means April 6, 2023, with respect to the Authority’s declaration of intent to issue tax-exempt multifamily housing revenue bonds.

“Investor Limited Partner” has the meaning given to it under Section 10 hereof.

“Loan” has the meaning given to it in the recitals hereto.

“Loan Agreement” means the Construction and Term Loan Agreement, dated as of February 1, 2024, by and among the Authority, Borrower and Banner Bank, as “Majority Owner” and “Servicer” (as such terms are defined in the Indenture), as amended, supplemented or restated from time to time.

“Low Income Tenants” means individuals or families with an Adjusted Income that does not exceed 60% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) defines a student as an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	Adjustment
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

"Low Income Units" means the dwelling units in the Project designated for occupancy by Low Income Tenants pursuant to Section 4(a) of this Regulatory Agreement.

"Majority Owner" means Banner Bank and any successor entity serving in such capacity under the Indenture.

"Median Income for the Area" means the median gross income for the Area as most recently determined by the Secretary of Treasury pursuant to Section 142(d)(2)(B) of the Code.

"Mortgage" has the meaning given to it in the Indenture.

"Other Development" has the meaning given in the recitals of this Regulatory Agreement including, collectively, (a) the site(s) of such Other Development, (b) all buildings, improvements, fixtures, machinery and equipment thereon, excluding any commercial space and associated improvements, fixtures, machinery and equipment included therein, and (c) all additions and improvements to, and all modifications, replacements and substitutions of, the site(s) of the Other Development or the items described in clause (b), above.

"Other Development Costs" means the amounts described in the definition of "Development Costs" as they pertain to the Other Development (rather than to the Development).

"Other Regulatory Agreement" means, collectively, the Regulatory Agreement and Declaration of Restrictive Covenants (4050 El Cajon Boulevard) and Regulatory Agreement and Declaration of Restrictive Covenants (4050 and 4102-4122 University Avenue), each dated as of February 1, 2024, by and between the Governmental Lender and the Borrower, relating to the Other Development.

"Project" has the meaning given to it in the recitals hereto.

"Qualified Development Costs" means costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to a capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with Regulations section 1.103-8(a)(1), provided, however, that only such portion of interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Development Costs bear to all Development Costs; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (within the meaning of the Code) (whether as a general contractor or a subcontractor), Qualified Development Costs shall include only (A) the actual out-

of-pocket costs incurred by such Affiliate in constructing or rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliate, and (C) any overhead expenses incurred by the Affiliate that are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the Inducement Date or the date of issue of the Bonds, and (iv) if the Development Costs were previously paid and are to be reimbursed with proceeds of the Bonds such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of Regulations section 1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of construction of the Project that do not exceed 20% of the aggregate issue price of the Bonds (as defined in Regulations section 1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid).

“Qualified Project Period” means the period beginning on the first day on which at least 10% of the dwelling units in the Project are first occupied and ending on the later of (a) the date that is 55 years after the date on which 50% of the dwelling units in the Project are occupied, (b) the first day on which no tax exempt bonds or notes with respect to the Project are outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.

“Regulations” means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time.

“Taxable Bonds” has the meaning given to it in the recitals hereto.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Tax-Exempt Bonds, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“Tax-Exempt Bonds” has the meaning given to it in the recitals hereto.

“Trustee” means U.S. Bank Trust Company, National Association.

“Very Low Income Tenants” means individuals or families with an Adjusted Income that does not exceed 50% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Very Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) defines a student as an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of

students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

<u>Household Size</u>	<u>Adjustment</u>
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

“Very Low Income Units” means the dwelling units in the Project designated for occupancy by Very Low Income Tenants pursuant to Section 4(j) of this Regulatory Agreement.

Capitalized terms that are not defined herein shall have the meanings assigned to them in the Indenture.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2. Acquisition, Construction and Equipping of the Project. The Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Borrower has incurred a substantial binding obligation to acquire, construct and equip the Project, pursuant to which the Borrower is obligated to expend at least 5% of the aggregate net sale proceeds of the Tax-Exempt Bonds.

(b) The Borrower’s reasonable expectations respecting the total cost of the acquisition, construction and equipping of the Project and the disbursement of Tax-Exempt Bond proceeds are accurately set forth in the Borrower’s Tax Certificate that has been delivered to the Authority.

(c) The Borrower will proceed with due diligence to complete the acquisition, construction and equipping of the Project and expects to expend the full amount of the proceeds

of the Tax-Exempt Loan for Development Costs and Other Development Costs prior to the date that is three years after the Closing Date.

(d) The statements made in the various certificates delivered by the Borrower to the Authority or Majority Owner are true and correct as of the Closing Date.

(e) The Borrower (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to the requirements of the Indenture, the Loan Agreement or this Regulatory Agreement.

(f) The Borrower shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including, if applicable, the requirements for providing notices in Sections (b), (c), (d) and (e) thereof.

Section 3. Residential Rental Property. The Borrower hereby acknowledges and agrees that the Development will be owned, managed and operated as a "qualified residential rental project" (within the meaning of Section 142(d) of the Code) until the expiration of the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Development is being acquired, constructed and equipped for the purpose of providing multifamily residential rental property, and the Borrower shall own, manage and operate the Development as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Development from time to time.

(b) All of the dwelling units in the Development will be similarly constructed units, and, to the extent required by the Code and the Regulations, each dwelling unit in the Development will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink; provided that any tenant may, but shall not be obligated to, provide a refrigerator for the unit to be occupied.

(c) None of the dwelling units in the Development will at any time be utilized on a transient basis, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park; provided that the use of certain units for tenant guests on an intermittent non-compensated basis shall not be considered transient use for purposes of this Regulatory Agreement.

(d) No part of the Development will at any time be owned or used as a condominium or by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Development and a Final Subdivision Public Report from the California Department of Real Estate, the Borrower has not and shall not take any steps in connection with a conversion of the Development to a condominium or cooperative ownership except with the prior written approving

opinion of Bond Counsel that by reason of any such action the interest on the Tax-Exempt Bonds (if it is outstanding) will not become includable in gross income for federal income tax purposes.

(e) All of the dwelling units (except for the manager's unit described in (g) below) will be available for rental on a continuous basis to members of the general public, and the Borrower has not given and will not give preference to any particular class or group in renting the dwelling units in the Development, except to the extent that dwelling units are required to be leased or rented to Low Income Tenants, Very Low Income Tenants, or holders of Section 8 certificates or vouchers and except as otherwise required pursuant to an agreement entered into with a public entity; provided that in no event shall the Borrower give any preference in violation of the Code.

(f) The Development Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Development Facilities will comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Development.

(g) No dwelling unit in any building in the Development shall be occupied by the Borrower unless the building contains five or more dwelling units, in which case one unit may be occupied by the Borrower or by persons related to or affiliated with the Borrower such as a resident manager or maintenance personnel. Subject to the foregoing limitation, up to a total of one unit in the Development may be occupied by a resident manager or maintenance personnel.

(h) Should involuntary noncompliance with the provisions of section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the Regulations, it will either prepay the Tax-Exempt Loan and cause the Tax-Exempt Bonds to be redeemed or apply any proceeds received as a result of any of the preceding events to reconstruct the Development to meet the requirements of Section 142(d) of the Code and the Regulations.

(i) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, sexual preference, source of income (e.g. TANF, SSI), mental or physical disability, age, national origin or marital status in the rental, lease, use or occupancy of the Development or in connection with the employment or application for employment of persons for the operation and management of the Development.

(j) Following the expiration or termination of the Qualified Project Period, Low Income Units and Very Low Income Units shall remain available to the Low Income Tenants and Very Low Income Tenants, respectively, then occupying such units at the date of expiration or termination of the Qualified Project Period at a rent not greater than the rent determined pursuant to Sections 4(a) and 4(j) below, as applicable, until the earliest of any of the following occurs:

(i) The household's income exceeds 140% of the income at which such household would qualify as a Low Income Tenant or a Very Low Income Tenant.

(ii) The household voluntarily moves or is evicted for "good cause." For these purposes, "good cause" means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the lease agreement

that detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project.

(iii) Fifty-five (55) years after the date on which 50% of the dwelling units in the Project are occupied.

(iv) The Borrower pays the relocation assistance and benefits to such Low Income Tenants or Very Low Income Tenants, as provided in Section 7264(b) of the Government Code of the State of California.

(k) The Authority may but shall not be required to monitor the Borrower's compliance with the provisions of subparagraph (j) above.

Section 4. Low Income Units. Pursuant to the requirements of Section 142(d) of the Code and applicable provisions of the Act, the Borrower hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:

(a) During the Qualified Project Period, not less than 40% of the units in the Development shall be designated as Low Income Units and shall be continuously occupied by or held available for occupancy by Low Income Tenants at monthly rents that do not exceed one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income for the Area, as adjusted for household size utilizing the percentages set forth above under the definition of Low Income Tenant less a reasonable deduction for utilities paid by the tenant as determined by the Authority and assuming (solely for purposes of the above-described limit on the amount of monthly rent, and not for purposes of determining whether individuals or families are Low Income Tenants for purposes of Section 142(d) of the Code) the following unit sizes and household sizes (collectively, the "**Assumed Unit and Household Sizes**"):

<u>Unit Size</u>	<u>Household Size</u>
Studio	One Person
One-Bedroom	Two Persons
Two-Bedroom	Three Persons
Three-Bedroom	Four Persons

Such Low Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units that are available to other tenants and shall be distributed throughout the Development.

A unit occupied by a Low Income Tenant who, at the commencement of the occupancy, is a Low Income Tenant shall be treated as occupied by a Low Income Tenant until a recertification of such tenant's income in accordance with Section 4(c) below demonstrates that such tenant no longer qualifies as a Low Income Tenant and thereafter such unit shall be treated as any residential unit of comparable or smaller size in the Development occupied by a new resident other than a Low Income Tenant. Moreover, a unit previously occupied by a Low Income Tenant and then vacated shall be considered occupied by a Low Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be re-determined. In no event shall such temporary period exceed thirty-one (31) days.

(b) Immediately prior to a Low Income Tenant's occupancy of a Low Income Unit, the Borrower will obtain and maintain on file an Income Certification from each Low Income Tenant occupying a Low Income Unit, dated immediately prior to the initial occupancy of such Low Income

Tenant in the Development. In addition, the Borrower will provide such further information as may be required in the future by the State of California, the Authority, the Act, Section 142(d) of the Code and the Regulations, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. The Borrower shall verify that the income provided by an applicant is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a federal income tax return for the most recent tax year, (2) obtain a written verification of income and employment from the applicant's current employer, (3) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income satisfactory to the Authority or (4) such other information as may be reasonably requested by the Authority.

Copies of the most recent Income Certifications for Low Income Tenants shall be attached to the annual report to be filed with the Authority as required in (d) below.

(c) Immediately prior to the first anniversary date of the occupancy of a Low Income Unit by one or more Low Income Tenants, and on each anniversary date thereafter, the Borrower shall recertify the income of the occupants of each Low Income Unit by obtaining a completed Income Certification based upon the current income of each occupant of the unit. In the event the recertification demonstrates that such household's income exceeds 140% of the income at which such household would qualify as Low Income Tenants, such household will no longer qualify as Low Income Tenants and, to the extent necessary to comply with the requirements of Section 4(a) above, the Borrower will rent the next available unit of comparable or smaller size to one or more Low Income Tenants.

(d) Upon commencement of the Qualified Project Period, and not less than annually thereafter during the term of this Regulatory Agreement, the Borrower shall advise the Authority of the status of the occupancy of the Development by delivering to the Authority a Certificate of Continuing Program Compliance.

(e) The Borrower shall maintain complete and accurate records pertaining to the Low Income Units, and shall permit any duly authorized representative of the Authority, Majority Owner, Department of the Treasury or Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Development, including those records pertaining to the occupancy of the Low Income Units.

(f) The Borrower shall submit to the Secretary of the Treasury annually on the anniversary date of the start of the Qualified Project Period, or such other date as is required by the Secretary, a certification that the Development continues to meet the requirements of Section 142(d) of the Code, and shall provide a copy of such certification to the Authority.

(g) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. The Borrower shall not collect any additional fees or payments from a Low Income Tenant except security deposits or other deposits required of all tenants. The Borrower shall not collect security deposits or other deposits from a Section 8 certificate or voucher holder in excess of those allowed under the Section 8 Program. The Borrower shall not discriminate against applicants for Low Income Units

on the basis of source of income (i.e., TANF or SSI), and the Borrower shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (ability to pay shall be demonstrated if an applicant can show that the same percentage or more of the applicant's income has been paid for rent in the past as will be required to be paid for the rent applicable to the Low Income Unit to be occupied, provided that such Low Income Tenant's expenses have not materially increased).

(h) Each lease pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the applicant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease will also contain a provision that failure to cooperate with the annual recertification process reasonably instituted by the Borrower pursuant to Section 4(c) above may, at the option of the Borrower, disqualify the unit as a Low Income Unit, or provide grounds for termination of the lease.

(i) Prior to the Closing Date, the Borrower agrees to provide to the Authority a copy of the form of application and lease to be provided to prospective Low Income Tenants. The term of the lease shall be not less than 30 days.

(j) In addition to the requirements set forth in Section 4(a), the Authority shall require that not less than three (3) of the units in the Development shall be Very Low Income Units and shall be rented to, or made available for rental to, Very Low Income Tenants on the same terms and conditions, and subject to the same requirements, as are set forth in this Section 4 with respect to the Low Income Units, except that monthly rents shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area, adjusted as provided in Section 4(a) above.

Section 5. Tax Status of the Bonds. The Borrower and the Authority each hereby represents, as of the date hereof, and warrants, covenants and agrees that:

(a) It will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes or the exemption from California personal income taxation of the interest on the Tax-Exempt Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof;

(b) It will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Authority and Majority Owner, to comply fully with the Act and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 142(d) of the Code to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds; and

(c) The Borrower, at the Borrower's expense, will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Authority and Majority Owner, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Development, including, but not

limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of San Diego.

(d) The Borrower will not enter into any agreements that would result in the payment of principal of or interest on the Tax-Exempt Bonds being “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) The Borrower hereby reaffirms the arbitrage certifications made by it in the Certificate as to Arbitrage executed in connection with the Tax-Exempt Bonds, and such certifications are hereby incorporated herein as covenants of the Borrower by this reference.

(f) The Borrower hereby agrees to comply with the requirements of Section 148(f) of the Code and to rebate excess investment earnings to the federal government.

(g) The Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Development to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

(h) The Borrower shall assure that the proceeds of the Tax-Exempt Bonds are used in a manner such that the Tax-Exempt Bonds will satisfy the requirements of section 142(d) of the Code relating to qualified residential rental projects.

(i) The Tax-Exempt Bonds upon issuance and delivery shall be considered “private activity bonds” within the meaning of the Code with respect to which CDLAC has transferred a portion of the State of California’s private activity bond allocation (within the meaning of section 146 of the Code) equal to the principal amount of the Tax-Exempt Bonds.

(j) The Authority and the Borrower covenant that not less than 95% of the net proceeds of the Tax-Exempt Bonds (within the meaning of section 150(a)(3) of the Code) will be paid for Qualified Development Costs.

(k) The Authority and the Borrower covenant that less than 25% of the proceeds of the Tax-Exempt Bonds shall be used, directly or indirectly, for the acquisition of land.

(l) The Authority and the Borrower covenant that no proceeds of the Tax-Exempt Bonds shall be used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Tax-Exempt Bonds shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Development 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 Development.

(m) The Borrower shall not take, or permit or suffer to be taken by the Majority Owner, Trustee or otherwise, any action with respect to the proceeds of the Tax-Exempt Bonds that, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code.

(n) In accordance with Section 147(b) of the Code, the average maturity of the Tax-Exempt Bonds does not exceed 120% of the average reasonably expected economic life of the facilities being financed by the Tax-Exempt Bonds.

(o) The Authority and the Borrower covenant that, from the proceeds of the Tax-Exempt Bonds and investment earnings thereon, an amount not in excess of two percent (2%) of the proceeds of the Tax-Exempt Bonds, will be used for costs of issuance of the Tax-Exempt Bonds, all within the meaning of section 147(g)(1) of the Code. For this purpose, if the fees of the Agent and the Holder are retained as a discount on the purchase of the Tax-Exempt Bonds, such retention shall be deemed to be an expenditure of proceeds of the Tax-Exempt Bonds for said fees.

(p) The proceeds of the Tax-Exempt Bonds will be allocated to expenses actually paid with proceeds of the Tax-Exempt Bonds unless, prior to the date that is the later of 18 months (i) after the expenditure is paid, or (ii) after the Project financed with proceeds of the Tax-Exempt Bonds is placed in service, the Borrower makes a different allocation of such expenditures to different contemporaneous purposes. In any event, such alternative allocation must occur no later than 60 days after the fifth anniversary of the Closing Date (or 60 days after the retirement of the Tax-Exempt Bonds if earlier).

(q) The Authority and the Borrower covenant that no proceeds of the Tax-Exempt Bonds shall be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in section 147(d)(3) of the Code, "**Rehabilitation Expenses**") with respect to such building equal or exceed 15% of the portion of the cost of acquiring such building (and equipment) financed with proceeds of the Tax-Exempt Bonds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if Rehabilitation Expenditures with respect to such structure equal or exceed 100% of the portion of the cost of acquiring such structure financed with the proceeds of the Tax-Exempt Bonds. In compliance with this provision, within two years after the later of the date of the Borrower's acquisition of the Project or the date of the issuance of the Tax-Exempt Bonds, the Borrower will make Rehabilitation Expenditures in an amount equal to or greater than 15% of the amount of proceeds of the Tax-Exempt Bonds used to acquire any existing buildings and related equipment which are part of the Project.

(r) The Borrower covenants that neither it nor any related party (as used in section 1.148-1(b) of the Regulations) shall acquire any of the Tax-Exempt Bonds so long as the Borrower is the obligor on the Tax-Exempt Bonds.

(s) If a reissuance of the Tax-Exempt Bonds occurs and the Authority is not involved, for example by consenting to any changes in the documents or actions of the parties and executing an IRS Form 8038, the interest on the reissued obligations will not be excluded from gross income for federal income tax purposes and may not be treated as governmental obligations.

The Borrower hereby covenants to notify any subsequent owner of the Development of the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Development to another person to the end that such transferee has notice of such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided that the covenants

contained in this paragraph shall not apply to the Majority Owner or its designee should the Majority Owner or its designee become the owner of the Development by foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan Documents.

Section 6. Modification of Special Tax Covenants. The Borrower and the Authority hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Authority and Majority Owner, impose requirements upon the ownership or operation of the Development more restrictive than those imposed by this Regulatory Agreement that must be complied with in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Authority, Trustee and Borrower, impose requirements upon the ownership or operation of the Development less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment approved and signed by the Authority and Borrower, approved by the Majority Owner, and approved by the written opinion of Bond Counsel that such amendment will not affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

(c) The Borrower and the Authority shall execute, deliver and, if applicable, file of record any and all documents and instruments, necessary to effectuate the intent of this Section 6, and the Borrower appoints the Authority as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the Borrower defaults in the performance of its obligations under this subsection (c); provided, however, that the Authority shall take no action under this subsection (c) without first notifying the Borrower and the Majority Owner.

Section 7. Indemnification. The Borrower hereby releases the Authority, Majority Owner and Trustee and their respective officers and employees from, and covenants and agrees to indemnify, hold harmless and defend the Authority, Majority Owner and Trustee and their respective officers, members, directors, officials, agents and employees and each of them (collectively, the "**Indemnified Parties**" and individually, an "**Indemnified Party**") from and against, any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint or several (including, without limitation, actual and reasonable out-of-pocket costs of investigation, reasonable attorneys' fees, actual out-of-pocket litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), made directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Development, Bonds, or execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Development, the making of the Loan or otherwise; (c) arising from any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Loan or the Development; (d) arising in connection with the issuance and sale, resale or reissuance of the Bonds or any certifications or representations made by any person (other than the Authority or the party seeking indemnification in connection therewith) or the carrying out by the Borrower of any of the

transactions contemplated by the Bonds, the Indenture, the Loan Agreement or this Regulatory Agreement; (e) arising in connection with the operation of the Development, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, construction or equipping of, the Development or any part thereof; and (f) arising out of or in connection with the Majority Owner's or Trustee's exercise of their respective powers or duties under the Loan Agreement, this Regulatory Agreement or the Indenture, as applicable, or any other related agreements to which the Majority Owner, or Trustee are a party; except (1) in the case of the foregoing indemnification of the Majority Owner or Trustee or any of their respective officers, members, directors, agents and employees, to the extent such damages are caused by the gross negligence or willful misconduct of such person and (2) in the case of the foregoing indemnification of the Authority or any of its officers, members, directors, officials, agents and employees, to the extent such damages are caused by the willful misconduct of such person.

This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses and liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim, except (i) in the case of the foregoing indemnification of the Majority Owner or Trustee or any of their respective Indemnified Parties to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party, and (ii) in the case of the foregoing indemnification of the Authority or any of its Indemnified Parties to the extent such damages are caused by the willful misconduct of such Indemnified Party.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party and approved by the Borrower (which approval shall not be unreasonably withheld); and the Borrower shall assume the payment of all actual and reasonable fees and expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Authority shall have the right to review and approve or disapprove any such compromise or settlement. The Borrower specifically acknowledges and agrees that it has an immediate and independent obligation to defend each Indemnified Party from any claim that actually or potentially falls within this Section 7 even if such claim is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to the Borrower by any Indemnified Party and continues at all times thereafter. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the actual and reasonable fees and expenses of such separate counsel; provided, however, that unless such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, the Borrower shall not be required to pay the fees and expenses of such separate counsel unless the Indemnified Party reasonably determines that a conflict exists between the interests of the Borrower and such Indemnified Party, in which case the Borrower shall pay the actual and reasonable fees and expenses of such separate counsel.

The Borrower also shall pay and discharge and shall indemnify and hold harmless the Authority, Majority Owner and Trustee from (i) any lien or charge upon payments by the Borrower to the Authority, Majority Owner and Trustee hereunder arising out of Borrower's actions or inactions and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Development. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Authority shall give prompt notice to the Borrower, and as between the Authority and Borrower, the Borrower shall

have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion.

Notwithstanding any transfer of the Development to another owner in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall remain obligated to indemnify the Indemnified Parties pursuant to this Section 7 for all claims arising from events occurring prior to such transfer, unless at the time of transfer the Authority has consented to indemnification under this Section 7 from such subsequent owner for all claims arising from events occurring prior to such transfer. If the Authority has consented to any transfer of the Development in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall not be obligated to indemnify the Indemnified Parties pursuant to this Section 7 for actions or inactions of the transferee arising after such transfer, but shall remain obligated to provide indemnity for claims related to actions or inactions occurring prior to such transfer.

In addition to the foregoing, the Borrower will pay upon demand all of the fees and expenses paid or incurred by the Majority Owner, Trustee or Authority in enforcing the provisions hereof.

The provisions of this Section 7 shall survive the term of the Bonds and this Regulatory Agreement.

The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Indemnified Parties, and the obligation of the Borrower to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower. The Indemnified Parties shall be entitled simultaneously to seek indemnity under this Section and any other provision under which they are entitled to indemnity.

All obligations of the Borrower under this Regulatory Agreement for the payment of money, including claims for indemnification and damages, shall not be secured by or in any manner constitute a lien on the Development, and none of the Authority, the Majority Owner or the Trustee shall have the right to enforce such obligations other than directly against the Borrower pursuant to Section 17 of this Regulatory Agreement.

The indemnity provided under this Section 7 shall not require payment of principal or interest on the Loan.

Section 8. Consideration. The Authority has issued the Bonds to make the Loan, to finance the Development, all for the purpose, among others, of inducing the Borrower to acquire, construct, equip and operate the Development. In consideration of the issuance of the Bonds by the Authority, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Development can be put on the terms and conditions set forth herein.

Section 9. Reliance. The Authority and the Borrower hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, and in the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds and the exemption from California personal income taxation of the interest on the Bonds. In performing its duties and obligations hereunder, the Authority may rely upon statements and certificates of the Borrower, the Low Income Tenants and Very Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Development. In addition, the Authority may consult

with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Authority, Majority Owner and Trustee under this Regulatory Agreement in good faith and in conformity with such opinion; provided, however, if there are conflicting opinions among the counsel selected by such parties, the opinion of Bond Counsel shall govern the interpretation and enforcement of this Regulatory Agreement.

Section 10. Sale or Transfer of the Development; Syndication. The Borrower intends to hold the Development for its own account, has no current plans to sell, transfer or otherwise dispose of the Development, and hereby covenants and agrees not to sell, transfer or otherwise dispose of the Development, or any portion thereof (other than for individual tenant use as contemplated hereunder), without obtaining the prior written consent of the Authority (except as otherwise provided in this Section 10) and receipt by the Authority (except as otherwise provided in this Section 10) of (i) such certifications as deemed necessary by the Authority to establish that the Borrower shall not be in default under this Regulatory Agreement or under the Loan Agreement or, if any such defaults exist, the purchaser or assignee undertakes to cure such defaults to the satisfaction of the Authority; (ii) a written instrument by which the Borrower's purchaser or transferee has assumed in writing and in full the Borrower's duties and obligations under this Regulatory Agreement, (iii) an opinion of counsel for the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iv) documentation from the transferee reflecting the transferee's experience or, should the transferee choose to have a property manager run the Development, a property manager's experience with owning and/or operating multifamily housing projects such as the Development and with use and occupancy restrictions similar to those contained in this Regulatory Agreement, (v) evidence of satisfaction of compliance with the provisions of Section 27(d)(i) related to notice to CDLAC of transfer of the Development and (vi) an opinion of Bond Counsel addressed to the Authority to the effect that such transfer will not cause interest on the Tax-Exempt Bonds to become includable in the gross income of the recipients thereof for federal income tax purposes.

No transfer of the Development shall operate to release the Borrower from its obligations under this Regulatory Agreement with respect to any action or inaction taken prior to such transfer. Nothing contained in this Section 10 shall affect any provision of the Loan Documents to which the Borrower is a party that requires the Borrower to obtain the consent of the Majority Owner as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Development or of any direct or indirect interest in the Borrower or that gives the Majority Owner the right to accelerate the maturity of the Loan under the Loan Agreement, or to take some other similar action with respect to the Loan, upon the sale, transfer or other disposition of the Development. Notwithstanding anything contained in this Section 10 to the contrary, neither the consent of the Authority nor the delivery of items (i) through (vi) of the preceding paragraph shall be required in the case of a foreclosure or deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Mortgage), whereby the Majority Owner or any of its designees, or a third-party purchaser from the Majority Owner or any of its designees becomes the owner of the Development, and nothing contained in this Section 10 shall otherwise affect the right of the Majority Owner or any of its designees, or any such third-party purchaser, to foreclose on the Development or to accept a deed in lieu of foreclosure. Delivery of items (i) through (vi) (or, if the Bonds are no longer outstanding, (i) through (v)) of the preceding paragraph and, while the Bonds are outstanding, consent of the Authority (which consent shall not be unreasonably withheld) shall be required for any future transfer of the Development to be made subsequent to any transfer described in the preceding sentence.

It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Development in violation of this Section 10 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Not less than 30 days prior to consummating any sale, transfer or disposition of any interest in the Development, the Borrower shall deliver to the Authority, Majority Owner and Trustee a notice in writing explaining the nature of the proposed transfer.

Notwithstanding the above, the Issuer hereby approves (a) the transfer of limited partnership interests in the Borrower to affiliates of U.S. Bancorp Community Development Corporation, a Minnesota corporation, or its successors and assigns (the “**Investor Limited Partner**”) of the Borrower, including, without limitation and the transfer of partnership interests in the Borrower from the Investor Limited Partner; (b) the withdrawal of any partner of the Borrower under the Borrower’s amended and restated partnership agreement (the “**Partnership Agreement**”); (c) any other transfer of interests pursuant to the provisions of the Partnership Agreement as in effect from time to time, including but not limited to the removal of a general partner of the Borrower and replacement thereof by an affiliate of any partner of the Borrower; and (d) the grant by the Borrower and exercise of an option and/or right of first refusal by the general partner or an affiliate thereof in accordance with the Partnership Agreement.

Section 11. Term. Except as provided in Section 3(j) and Section 7 above, which provisions shall continue beyond the Qualified Project Period, and, except as provided in the second paragraph of this Section 11, this Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect during the Qualified Project Period, or for such longer period as is provided in Sections 3(j) and 7 above, and in the CDLAC Resolution referred to in Section 27 below, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds and expiration of the Indenture, Loan Agreement and Loan. Notwithstanding any other provisions of this Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or sections hereof, may be terminated prior to the expiration of the Qualified Project Period upon agreement by the Authority, Majority Owner, (if any Bonds are outstanding) and Borrower only if there shall have been received by the Authority and the Majority Owner an opinion of Bond Counsel that such termination will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds or the exemption from State personal income taxation of the interest on the Bonds.

The terms of this Regulatory Agreement to the contrary notwithstanding (except as to the provisions of Section 7), this Regulatory Agreement, and each and all of the terms hereof, shall automatically terminate and be of no further force or effect in the event of (i) an involuntary noncompliance by the Borrower with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the provisions of this Regulatory Agreement, or (ii) foreclosure on the Development or delivery of a deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Mortgage) or condemnation or a similar event, but only if within a reasonable period thereafter the Bonds are redeemed or retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Code set forth in this Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure on the Development or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any Affiliate obtains an ownership interest in the Development for federal income tax purposes. The parties hereto mutually intend the previous

sentence to be interpreted in accordance with the minimum requirements of section 1.103-8(b)(6) of the Regulations.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms. Borrower agrees that the reasonable fees and costs of the Authority, Majority Owner and Trustee and their respective legal counsel in connection with the termination of this Regulatory Agreement shall be paid by the Borrower.

Section 12. Covenants to Run with the Land. The Borrower hereby subjects the Development Site to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Authority and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Development; 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 Development or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 13. Burden and Benefit. The Authority and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Development is rendered less valuable thereby. The Authority and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Development by Low Income Tenants and Very Low Income Tenants and by furthering the public purposes for which the Bonds were issued.

Section 14. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Development in order to establish and carry out a common plan for the use, development and improvement of the Development Site.

Section 15. Enforcement. If the Borrower defaults in the performance or observance of any of its covenants, agreements or obligations set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given (i) by the Authority to the Borrower, Trustee, the Investor Limited Partner or (ii) by the Majority Owner to the Authority, the Investor Limited Partner, and the Borrower (provided, however, that the Authority may at its sole option extend such period if the Borrower provides the Authority and Majority Owner with an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds (if outstanding)), then the Authority may declare an "**Event of Default**" to have occurred hereunder and shall provide written notice thereof to the Borrower and Majority Owner, as applicable, and, at the Authority's option, may take any one or more of the following steps:

- (i) by mandamus or other suit, action or proceeding at law or in equity, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Development;

(iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder; or

(iv) with the consent of the Majority Owner, which consent shall be within the Majority Owner's sole and absolute discretion, declare a default under the Loan Agreement, as applicable, and proceed with any remedies provided therein.

The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the Authority may fully obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower.

The Trustee shall have the right, in accordance with this Section 15 and subject to the applicable provisions of the Indenture, without the consent or approval of the Authority, but with the consent of the Majority Owner, which consent shall not be unreasonably withheld, to exercise any or all of the rights or remedies of the Authority hereunder; provided that prior to taking any such act, the Majority Owner shall give the Authority written notice of its intended action. After the Indenture has been discharged, the Authority may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Trustee. All fees, costs and expenses of the Majority Owner (including, without limitation, reasonable attorneys' fees) incurred in taking any action pursuant to this Section 15 shall be the sole responsibility of the Borrower.

Notwithstanding anything contained in this Regulatory Agreement, the Indenture or the Loan Agreement to the contrary, the occurrence of an Event of Default shall not be deemed, under any circumstances whatsoever, to be a default under the Loan Documents except as may be otherwise specified, as applicable, in the Loan Documents.

The rights of the Majority Owner under this Section are in addition to all rights conferred upon the Majority Owner under the Indenture and other Loan Documents (as defined in the Indenture), and in no way limit those rights. No breach of any of the provisions of this Regulatory Agreement shall impair, defeat or render invalid the lien of the Mortgage.

The Authority agrees that cure of any 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. Notwithstanding anything to the contrary contained herein, the Investor Limited Partner shall have the right, but not the obligation, to cure an Event of Default hereunder.

Section 16. Recording and Filing. The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto to be recorded and filed in the real property records of the County of San Diego and in such other places as the Authority and Majority Owner may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

Section 17. Payment of Fees. The Borrower shall pay to the Authority the issuance and annual (ongoing) Authority Fee on the dates and in the amounts set forth in the definition thereof. Notwithstanding any prepayment of the Loan or any discharge of the Indenture, except as set forth in the following paragraph, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay to the Authority the Authority Fee, and, following the occurrence of an Event of Default, to the Authority and Majority Owner reasonable compensation for any services rendered by any of them hereunder and reimbursement for all expenses reasonably incurred by any of them as a result of such Event of Default. The Authority Fee referenced in this section shall in no way limit amounts payable by the Borrower under Section 7 hereof, or arising after an Event of Default in connection with the Authority's or Majority Owner's enforcement of the provisions of this Regulatory Agreement.

In the event that the Bonds are prepaid in part or in full prior to the end of the term of this Regulatory Agreement, the Authority Fee for the remainder of the term of this Regulatory Agreement, at the option of the Authority, shall continue to be payable to the Authority for the number of years remaining under the Regulatory Agreement. At the option of the Authority, the Authority Fee shall be paid by the Borrower at the time of the prepayment of the Bonds and shall be a lump sum amount equal to the present value (based on a discount rate equal to the combined yield on the Bonds, as determined by the Authority at the time of prepayment) of the Authority Fee, calculated based on the amount of the Bonds outstanding immediately preceding such prepayment, for the number of years remaining in the Qualified Project Period under this Regulatory Agreement.

During any period that the Majority Owner or any of its respective agents owns the Development, it shall be responsible to make payments under this Section 17 accruing during such period. The Majority Owner shall not be liable for the payment of any compensation or any fees, costs, expenses or penalties otherwise payable for any period of time that it was not or is not the owner of the Development.

It is acknowledged and agreed that only one Authority Issuance Fee and Authority Annual Fee shall be payable with respect to the Funding Loan Notes and, accordingly, it is agreed that any amounts paid in respect of the "Authority Issuance Fee" and the "Authority Annual Fee" under the Other Regulatory Agreement shall be credited against the Authority Issuance Fee and the Authority Annual Fee, respectively, payable under this Regulatory Agreement.

Section 18. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California.

Section 19. Amendments. Except as provided in Sections 6(a) and 27(e) hereof, this Regulatory Agreement shall be amended (i) only with the prior written consent of the Majority Owner and (ii) by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of San Diego. The parties hereto acknowledge that for so long as the Bonds are outstanding, the Trustee is a third-party beneficiary to this Regulatory Agreement. Any amendment to this Regulatory Agreement shall be accompanied by an opinion of Bond Counsel to the effect that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

Section 20. Notice. All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the date personally delivered or on the third business day

following the date on which the same have been mailed by certified mail, return receipt requested, postage prepaid and addressed as follows:

The Trustee:	U.S. Bank Trust Company, National Association 633 W. Fifth Street, 24th Floor Los Angeles, California 90071 Attention: Global Corporate Trust Reference: Cuatro at City Heights
The Authority:	San Diego Housing Commission/Housing Finance 1122 Broadway, Suite 300 San Diego, California 92101 Attention: Vice President of Multifamily Housing Finance Facsimile: (619) 578-7356
with a copy to: (which shall not constitute notice to the Authority)	Office of the San Diego City Attorney 1200 Third Avenue, Suite 1620 San Diego, California 92101 Attention: Marguerite Middaugh Facsimile: (619) 236-7215
with a copy to: (which shall not constitute notice to the Authority)	Jones Hall, A Professional Law Corporation 475 Sansome Street, Suite 1700 San Francisco, California 94111 Attention: Josh D. Anzel, Esq. Facsimile: (415) 276-2088
The Majority Owner:	Banner Bank 5930 Granite Lake Drive, #170 Granite Bay, California 95746 Loan Nos. 14018431 and 14018432
with a copy to:	Davis Wright Tremaine LLP 865 S. Figueroa Street, Suite 2400 Los Angeles, California 90017 Attention: Tiffany Switzer, Esq.
The Borrower:	Cuatro at City Heights LP c/o Wakeland Housing and Development Corporation 1230 Columbia Street, Suite 950 San Diego, California 92101 Attention: President
with a copy to:	Goldfarb & Lipman LLP 1300 Clay Street, 11th Floor Oakland, California 4612 Attention: Heather Gould, Esq.

The Tax Credit Investor U.S. Bancorp Community Development Corporation
1307 Washington Avenue, Suite 300
Mail Code: SL RMCD
St. Louis, Missouri 63103
Project No. 30443
Attention: Director of LIHTC Asset Management

with a copy to: Kutak Rock LLP
1650 Farnam Street
Omaha, Nebraska 68102
Attention: Jill Goldstein, Esq.

If to CDLAC: California Debt Limit Allocation Committee
901 P Street, Room 110
Sacramento, California 95814
Attention: Executive Director

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent. Copies of notices sent by any party hereto shall be sent concurrently to the Trustee.

Section 21. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 22. Multiple Counterparts. This Regulatory Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 23. Compliance by Borrower. The Trustee shall not be responsible for monitoring or verifying compliance by the Borrower with its obligations under this Regulatory Agreement. The Borrower acknowledges and agrees to all provisions of the Indenture applicable to it, including, without limitation, Section 9.2 thereunder.

Section 24. General Obligation of Borrower; Limitations on Recourse to Borrower. Except as provided in Section 7 of this Regulatory Agreement, no subsequent owner of the Development shall be liable or obligated to pay damages for the breach or default of any obligation of or covenant by any prior owner (including the Borrower) under this Regulatory Agreement. Such obligations are the obligations of the person who was the owner at the time the default or breach was alleged to have occurred, and such owner shall remain liable for any and all damages occasioned thereby even after such person ceases to be the owner of the Development, and no person seeking such damages shall have recourse against the Development.

Section 25. Third-Party Beneficiaries. The parties to this Regulatory Agreement recognize and agree that the terms of this Regulatory Agreement and the enforcement of those terms are essential to the security of the owners of the Bonds and are entered into for their benefit. The Trustee, on behalf of the owners of the Bonds, shall have contractual rights in this Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly with the Authority, or to cause the Authority to enforce, the terms of this Regulatory Agreement. The Trustee is intended to be and shall be a third-party beneficiary of this Regulatory Agreement, and

the Trustee shall have the right (but not the obligation) to enforce the terms of this Regulatory Agreement insofar as this Regulatory Agreement sets forth obligations of the Borrower.

CDLAC is also intended to be and shall be a third-party beneficiary of this Regulatory Agreement to the limited extent that it shall be entitled to enforce, in accordance with Section 15 hereof, the terms of the CDLAC Resolution.

Section 26. Damage, Destruction or Condemnation of the Development. In the event that the Development is damaged or destroyed or title to the property, or any part thereof, is taken through the exercise or the threat of the exercise of the power of eminent domain, the Borrower shall comply with all applicable requirements of the other Loan Documents.

Section 27. CDLAC Requirements. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 and 5 hereof, the Borrower hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 27, as follows:

(a) The Borrower shall comply with the CDLAC Resolution, which is attached hereto as Appendix D, and the CDLAC Conditions set forth in Exhibit A thereto (collectively, the “**CDLAC Conditions**”), which conditions are incorporated herein by reference and made a part hereof. The Borrower will prepare and submit to the Authority:

(i) not later than February 1 of each year, until the Development is completed, and on February 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Certification of Compliance II for Qualified Residential Rental Projects, in substantially the form attached hereto as Appendix E or otherwise required or provided by CDLAC from time to time after the date hereof (“**CDLAC Compliance Certificate**”), executed by an authorized representative of the Borrower; such CDLAC Compliance Certificate shall be prepared pursuant to the terms of the CDLAC Conditions;

(ii) a Certificate of Completion, in substantially the form attached hereto as Appendix F or otherwise required or provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Borrower certifying among other things to the substantial completion of the Development; and

(iii) not later than February 1 of every third year following the submission of the Certificate of Completion, until the later of the end of the Qualified Project Period or the period described in paragraph (c), below, a project status report, as required or provided by the California Tax Credit Allocation Committee or equivalent documentation required or otherwise provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Borrower.

Compliance with the terms of the CDLAC Conditions not contained within this Regulatory Agreement, but referred to in the CDLAC Conditions, are the responsibility of the Borrower to report to the Authority.

(b) The Borrower acknowledges that the Authority shall monitor the Borrower’s compliance with the terms of the CDLAC Conditions. The Borrower acknowledges that the Authority will prepare and submit to CDLAC, not later than March 1 of each year, until the Development is completed, and on March 1 every three years thereafter (such that the next

succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Self-Certification Certificate in the form provided by CDLAC. The Borrower will cooperate fully with the Authority in connection with such monitoring and reporting requirements.

(c) Except as otherwise provided in Section 11 of this Regulatory Agreement, this Regulatory Agreement shall terminate on the date 55 years after the date on which at least fifty percent (50%) of the units in the Development are first occupied or otherwise after the commencement of the Qualified Project Period.

(d) The Borrower shall notify CDLAC in writing of: (i) any change in ownership of the Development; (ii) any change in the issuer of the Tax-Exempt Bonds; (iii) any change in the name of the Development or the property manager; (iv) any default under the Indenture, the Loan Agreement or this Regulatory Agreement, including, but not limited to, such defaults associated with the Tax-Exempt status of the Tax-Exempt Bonds, and the income and rental requirements as provided in Sections 4 and 5 hereof and the CDLAC Conditions; or (v) termination of this Regulatory Agreement.

(e) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Borrower after the Closing Date, at any time, that are not more restrictive than the original CDLAC Conditions; provided however, that, with the prior written consent of the Majority Owner, which will not be unreasonably withheld: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Development in the real property records of the County of San Diego of a regulatory agreement between Borrower and the California Tax Credit Allocation Committee ("**TCAC Regulatory Agreement**") shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Borrower or the Development; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26 and/or 37 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by Borrower and approved by CDLAC. The Authority may, in its sole and absolute discretion, require the Borrower to enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties hereto or their successor in title and duly recorded in the official real estate records of the County of San Diego. The Borrower shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

Any of the foregoing requirements of the CDLAC Conditions contained in this Section 27 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 27 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Authority has received an opinion of Bond Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes; and (ii) any requirement of this Section 27 shall be void and of no force and effect if the Authority and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Tax-Exempt Bonds to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other state or federal law.

Section 28. Annual Reporting Covenant. No later than January 31 of each calendar year (commencing January 31, 2025), the Borrower, on behalf of the Authority, agrees to provide to the California Debt and Investment Advisory Commission, by any method approved by the California Debt and Investment Advisory Commission, with a copy to the Authority, the annual report information required by Section 8855(k)(1) of the California Government Code. This covenant shall remain in effect until the later of the date (i) the Bonds are no longer Outstanding or (ii) the proceeds of the Bonds have been fully spent.

CUATRO AT CITY HEIGHTS LP,
a California limited partnership

By: Cuatro at City Heights LLC,
a California limited liability company
its managing general partner

By: Wakeland Housing and Development
Corporation, a California nonprofit public
benefit corporation, its sole member and
manager

By: _____
Peter Armstrong
Vice President of Real Estate
Development

[Notary Pages]

APPENDIX A

LEGAL DESCRIPTION

The estate or interest in the land described below and which is encumbered is:

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

[TO COME]

APPENDIX B

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned, _____, being duly authorized to execute this certificate on behalf of Cuatro at City Heights LP, a California limited partnership (the "Borrower"), hereby represents and warrants that:

1. The undersigned has read and is familiar with the provisions of the following documents associated with the Borrower's participation in the Housing Authority of the City of San Diego's (the "Authority") Multifamily Housing Revenue Bonds (Cuatro at City Heights) Series 2024C-1 and Multifamily Housing Revenue Bonds (Cuatro at City Heights) Series 2024C-2 (Taxable), such documents including:

(a) the Regulatory Agreement and Declaration of Restrictive Covenants (3951 University Avenue) (the "Regulatory Agreement") dated as of February 1, 2024 by and between the Borrower and the Authority; and

(b) the Promissory Note (Tax-Exempt), dated February 1, 2024, from the Borrower to the Authority, and the Promissory Note (Taxable), dated February 1, 2024, from the Borrower to the Authority, representing the Borrower's obligation to repay the Loan.

2. As of the date of this certificate, the following percentages of residential units in the Development (i) are occupied by Very Low Income Tenants or Low Income Tenants (as such terms are defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Very Low Income Tenant or Low Income Tenant vacated such unit:

		Studio Units	One- Bedroom Units	Two- Bedroom Units	Three- Bedroom Units	Total
Occupied by Very Low Income Tenants:	% Unit Nos.:	_____	_____	_____	_____	_____
Held vacant for occupancy continuously since last occupied by a Very Low Income Tenant:	% Unit Nos.:	_____	_____	_____	_____	_____
Occupied by Low Income Tenants:	No. of Units:	_____	_____	_____	_____	_____
Held vacant for occupancy continuously since last occupied by a Low Income Tenant:	No. of Units:	_____	_____	_____	_____	_____

3. The Borrower hereby certifies that to the best of its knowledge the Borrower is not in default under any of the terms of the above documents and no event has occurred which, with the passage of time, would constitute an event of default thereunder, with the exception of the following [state actions being taken to remedy default].

CUATRO AT CITY HEIGHTS LP,
a California limited partnership

By: Cuatro at City Heights LLC,
a California limited liability company
its managing general partner

By: Wakeland Housing and Development
Corporation, a California nonprofit public
benefit corporation, its sole member and
manager

By: _____
Peter Armstrong
Vice President of Real Estate
Development

APPENDIX C

INCOME COMPUTATION AND CERTIFICATION

NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 CFR 5.609). You should make certain that this form is at all times up to date with the HUD Regulations. All capitalized terms used herein shall have the meaning set forth in the Regulatory Agreement.

Re: _____, San Diego, CA _____

I/We, the undersigned state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the above apartment project. Listed below are the names of all persons who intend to reside in the unit:

1 Name of Members of the Household	2 Relationship to Head of Household	3 Social Security Number	4 Age	5 Place of Employment
_____	HEAD	_____	_____	_____
_____	SPOUSE	_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____

Income Computation

6. The total anticipated income, calculated in accordance with this paragraph 6, of all persons (except children under 18 years) listed above for the 12-month period beginning the earlier of the date that I/we plan to move into a unit or sign a lease for a unit is \$_____.

Included in the total anticipated income listed above are:

(a) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;

(b) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;

(c) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (6)(b) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by the Department of Housing and Urban Development;

(d) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount except deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts;

(e) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay except lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (excluding payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay);

(f) Welfare assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

(1) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(2) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage;

(g) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(h) All regular pay, special pay and allowances of a member of the Armed Forces except the special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

Excluded from such anticipated income are:

(a) Income from employment of children (including foster children) under the age of 18 years;

(b) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);

(c) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses except payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;

(d) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

(e) Income of a live-in aide, as defined by 24 CFR §5.403;

(f) The full amount of student financial assistance paid directly to the student or to the educational institution;

(g) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

(h) (1) Amounts received under training programs funded by the Department of Housing and Urban Development;

(2) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(3) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(4) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the Public Housing Authority or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination. No resident may receive more than one such stipend during the same period of time;

(5) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(i) Temporary, nonrecurring or sporadic income (including gifts);

(j) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(k) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);

(l) Adoption assistance payments in excess of \$480 per adopted child;

(m) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.

(n) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;

(o) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(p) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR §5.609(c) apply.

7. Do the persons whose income or contributions are included in item 6 above

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)?

_____ Yes _____ No

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value?

_____ Yes _____ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000?

_____ Yes _____ No

(d) If the answer to (c) above is yes, state:

(1) the combined total value of all such assets: \$_____;

(2) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: \$_____, and

(3) the amount of such income, if any, that was included in item 6 above:

\$_____

8. (a) Are all of the individuals who propose to reside in the unit full-time students*?

_____ Yes _____ No

*A full-time student is an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

(b) If the answer to 8(a) is yes, is at least 2 of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return?

_____ Yes _____ No

9. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the rental housing project in which the unit is located (hereinafter the "Borrower"), has any family relationship to the Borrower; or owns directly or indirectly any interest in the Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership

or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member; and ownership, direct or indirect, by a partner of the individual.

10. This certificate is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable and that the statement of total anticipated income contained in paragraph 6 is reasonable and based upon such investigation as the undersigned deemed necessary.

11. I/we will assist the Borrower in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

12. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this ____ day of _____ in the County of San Diego, California.

Applicant

Applicant

[Signature of all persons (except children under the age of 18 years) listed in number 2 above required]

FOR COMPLETION BY BORROWER ONLY:

1. Calculation of eligible income:
 - a. Enter amount entered for entire household in 6 above: \$
 - b. (1) If the answer to 7(c) above is yes, enter the total amount entered in 7(d)(2), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance (\$_____)
 - (2) Multiply the amount entered in 7(d)(1) times the current passbook savings rate as determined by HUD to determine what the total annual earnings on the amount in 7(d)(1) would be if invested in passbook savings (\$_____), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance (\$_____);
 - (3) Enter at right the greater of the amount calculated under (1) or (2) above: \$
 - c. TOTAL ELIGIBLE INCOME
(Line 1.a plus line 1.b(3)): \$
2. The amount entered in line 1.c:
____ Qualifies the applicant(s) as a Low Income Tenant(s) ___ or a Very Low Income Tenant(s) ___ [check applicable box, if any]

____ Does not qualify the applicant(s) as a Low Income Tenant(s) __, or a Very Low Income Tenant(s) ___ [check applicable box, if any].
3. Number of apartment unit assigned: _____ Rent: \$
Bedroom Size _____
4. This apartment unit [was/was not] last occupied for a period of 31 or more consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Low Income Tenants ___ or Very Low Income Tenants ___ [check applicable box].
5. Method used to verify applicant(s) income:
____ Employer income verification.
____ Copies of tax returns.
____ Other (_____)

Manager

INCOME VERIFICATION
(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed under the Housing Authority of the City of San Diego Multifamily Housing Revenue Bond Program for persons of lower income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual wages	_____
Overtime	_____
Bonuses	_____
Commissions	_____
Other Income	_____
Total current income	_____

I hereby certify that the statements above are true and complete to the best of my knowledge.

Signature Date Title

I hereby grant you permission to disclose my income to _____ in order that they may determine my income eligibility for rental of an apartment located in their project which has been financed under the Housing Authority of the City of San Diego Multifamily Housing Revenue Bond Program.

Signature Date

Please send to:

INCOME VERIFICATION
(for self-employed persons)

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Signature

Date

APPENDIX D
CDLAC RESOLUTION

[attached]

APPENDIX E

CDLAC COMPLIANCE CERTIFICATE

CERTIFICATION of COMPLIANCE II
for QUALIFIED RESIDENTIAL RENTAL PROJECT

Project Name: Cuatro at City Heights (3951 University Avenue)

Name of Bond Issuer: Housing Authority of the City of San Diego

1. Project Name Change: No____ Yes____
(If project name has changed since the award of allocation please note the original project name as well as the new project name.)

If yes provide old and new Project Name _____

2. CDLAC Application No.: 23-563

3. Bond Issuer Change: No____ Yes____
(If Bond Issuer has changed since the award as a result of refinance or refunding of an allocation please note the original Issuer as well as the new Issuer.)

If yes provide the Name of existing and New Issuer _____
Contact Information _____

4. Change in Borrower No____ Yes____
(If Borrower has changed since the award affecting the CDLAC resolution please note the original Borrower as well as the new Borrower.)

If yes provide the Name of the existing and New Borrower _____
Contact Information _____

5. Change in Management Company No____ Yes____
If yes provide the Name of the New Management Company _____

6. Has the Qualified Project Period commenced? No____ Yes____
No____ Yes____ Already Submitted Certification
If yes please submit the Certificate of Qualified Project Period (one time only)

7. Has the project been completed and placed in service?
No____ Yes____ Already Submitted Certification
If yes please submit Completion Certification (one time only)

8. Have any of the following events occurred associated with the bond allocation including but not limited to: defaults associated with rents and income requirements, Bond Default or a Qualified Bond Default.
No____ Yes____

If so, please describe and explain?

9. Has a termination of the Regulatory Agreement occurred or is a termination planned in the next year? Has proper noticing occurred?

No _____ Yes _____

If so, please describe and explain?

10.	Federally Bond Restricted Units (Reflected in PSR) _____ at 50% AMI _____ at 60% AMI	Other Restrictions (Reflected in PSR) _____ at 50% AMI _____ at 60% AMI	Total (Reported in CDLAC Resolution) _____ at 50% AMI _____ at 60% AMI
-----	--	--	--

11. Please indicate the distribution of the CDLAC restricted 10% of the 50% AMI units

Bedroom Type	# of Units in PSR	# of Units in CDLAC Resolution
1 Bedroom	_____	_____
2 Bedroom	_____	_____
3 Bedroom	_____	_____

12. If the Project has committed to and is currently providing the service amenities for a term as specified in the CDLAC resolution, please verify the services are being provided: on a regular and ongoing basis, which are provided free of charge and all hour requirements are being met:

- _____ After-school Programs
- _____ Educational, health and wellness, or skill building classes
- _____ Health and Wellness services and programs (not group classes)
- _____ Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)
- _____ Bona-Fide Service Coordinator/ Social Worker

Is the service being offered on an ongoing basis and provided free of charge (childcare excepted)?

No _____ Yes _____

Are all hour requirements being met?

No _____ Yes _____

Attach evidence demonstrating that the above listed services are being provided and have met the requirements in the CDLAC Resolution. Including but not limited to MOUs and or contracts associated with the services rendered, a 12-month schedule (current reporting year) of the services offered, flyers, sign-up sheets, etc.

"Pursuant to Section 13 of Resolution No. 23-203 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on August 23, 2023, I, _____, an Officer of the Borrower, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the

Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Signature of Officer

Printed Name of Officer

Title of Officer

Date

APPENDIX F

CDLAC COMPLETION CERTIFICATE

CERTIFICATE of COMPLETION
for QUALIFIED RESIDENTIAL RENTAL PROJECTS

- 1) Project Name: Cuatro at City Heights (3951 University Avenue)
(If project name has changed since the award of allocation please note the original project name as well as the new project name.)
- 2) CDLAC Application No.: 23-563
- 3) Name of Bond Issuer: Housing Authority of the City of San Diego
- 4) Name of Borrower: Cuatro at City Heights LP, a California limited partnership
(If Borrower has changed name since the award please note the original Borrower as well as the new Borrower.)
- 5) The undersigned hereby certifies that all work on the Project was substantially completed as of _____, 20__

The undersigned hereby further certifies that:

- (a) the aggregate amount disbursed on the Loan to date is \$ _____
 - (b) all amounts disbursed from proceeds of the Bonds have been applied to pay or reimburse the undersigned for the payment of Development Costs and Other Development Costs and none of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse any party for the payment of costs or expenses other than Development Costs and Other Development Costs; and
 - (c) at least 95 percent of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse the Borrower for the payment of Qualified Development Costs and Other Development Costs (as that term is used in the Regulatory Agreement) and less than 25 percent of the amounts disbursed from the proceeds of the Bonds, exclusive of amounts applied to pay the costs of issuing the Bonds, have been applied to pay or reimburse the Borrower for the cost of acquiring land.
 - (d) the cost of the bond issuance was equal to or less than 2% of the bond proceeds issued.
- 6) The undersigned hereby certifies the project meets the general federal rule for a Qualified Project Period.
No _____ Yes _____

- (a) 10% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____ , 20__ and
- (b) 50% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____ , 20__ .

7) If no to 6) the undersigned hereby certifies the project meets the special federal rule for a Qualified Project Period.
No_____ Yes_____

(Project qualifies if it is an acquisition/rehabilitation where no more than 90% of the units were not available for occupancy within 60 days of the earlier of the project acquisition or the Bonds Issuance Date.)

- (a) Bonds were issued on _____ , 20__
- (b) Property was acquired on _____ 20__
- (c) The date 10% of the units were available to occupy (within 60 days of the earlier of the acquisition or bond issuance) _____ , 20__

Signature of Officer

Printed Name of Officer

Title of Officer

Phone Number

**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:
Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Josh D. Anzel, Esq.**

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS
(4050 AND 4102-4122 UNIVERSITY AVENUE)**

By and Between

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

and

CUATRO AT CITY HEIGHTS LP,

Dated as of February 1, 2024

Relating to:

**\$47,111,000
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Cuatro at City Heights)
Series 2024C-1**

**[\$C-2 Amount]
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Cuatro at City Heights)
Series 2024C-2 (Taxable)**

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**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS
(4050 AND 4102-4122 UNIVERSITY AVENUE)**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (4050 AND 4102-4122 UNIVERSITY AVENUE) (this “**Regulatory Agreement**”), dated as of February 1, 2024, by and between the Housing Authority of the City of San Diego, a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California (together with any successor to its rights, duties and obligations, the “**Authority**”) and Cuatro at City Heights LP, a California limited partnership (the “**Borrower**”).

W I T N E S S E T H

WHEREAS, the Authority is a California housing authority acting under the Housing Authorities Law, Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (the “**Act**”); and

WHEREAS, pursuant to the Act, the Authority is authorized to issue bonds or notes to finance the acquisition, construction and equipping of multifamily rental housing for families and individuals of low income and very low income within the City of San Diego, California (the “**City**”); and

WHEREAS, the Authority is a political subdivision (within the meaning of that term in the Regulations of the Department of Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “**Code**”)); and

WHEREAS, on February 13, 2024, the legislative body of the Authority adopted a resolution (the “**Resolution**”) authorizing the issuance of revenue bonds in connection with financing the acquisition, construction, and equipping of a scattered-site project within the City to be known as “Cuatro at City Heights,” consisting of the following: (i) a 25-unit (including one manager’s unit) multifamily rental housing facility located at 4050 El Cajon Boulevard (“**4050 El Cajon**”); (ii) a 21-unit multifamily rental housing facility located at 3951 University Avenue (together with 4050 El Cajon, the “**Other Development**”); and (iii) a 71-unit (including one manager’s unit) multifamily rental housing facility located at 4050 and 4102-4122 University Avenue (as more particularly defined herein, the “**Development**,” and together with the Other Development, the “**Project**”); and

WHEREAS, in furtherance of the purposes of the Act and the Resolution and as a part of the Authority’s plan of financing residential rental housing, the Authority has issued its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cuatro at City Heights) Series 2024C-1 in the aggregate principal amount of \$47,111,000 (the “**Tax-Exempt Bonds**”) and its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cuatro at City Heights) Series 2024C-2 (Taxable) in the aggregate principal amount of \$[C-2 Amount] (the “**Taxable Bonds**” and, together with the Tax-Exempt Bonds, the “**Bonds**”) to Banner Bank, a Washington corporation (“**Banner Bank**”), whose proceeds will be used to make a loan to the Borrower (the “**Loan**”) to enable the Borrower to finance the acquisition, construction and equipping of the Project for the public purpose of providing decent, safe and sanitary housing for families and individuals of low income and very low income; and

WHEREAS, the Authority, Borrower and Banner Bank, as “Majority Owner” and “Servicer” (as such terms are defined in the Indenture (defined herein)), have entered into a Loan Agreement (as defined herein), providing the terms and conditions under which the Authority will make the Loan to the Borrower to finance the acquisition, construction and equipping of the Project; and

WHEREAS, all things necessary to make the Bonds, when issued as provided in the Indenture, the valid, binding, and limited obligations of the Authority according to the import thereof, and to constitute the Indenture a valid assignment of the amounts pledged to the payment of the principal of, and premium, if any, and interest on the Bonds, have been done and performed, and the creation, execution, and delivery of the Indenture, and the execution and issuance of the Bonds, subject to the terms thereof, in all respects have been duly authorized; and

WHEREAS, the Authority has obtained an allocation for the Project of a portion of the State of California’s private activity bond volume cap, within the meaning of Section 146 of the Code, in accordance with the procedures established by the California Debt Limit Allocation Committee (“**CDLAC**”); and

WHEREAS, the Code and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Development be restricted in certain respects, and in order to ensure that the Development will be owned and operated in accordance with the Code and the Act, the Authority and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction, equipping and operation of the Development;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Authority and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. The following terms shall have the respective meanings assigned to them in this Section 1, unless the context in which they are used clearly requires otherwise:

“Adjusted Income” means the adjusted income of all persons who intend to reside in one residential unit, calculated in the manner determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code.

“Affiliate” means (1) a Person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (2) a Person who together with the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein), (3) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or (4) an S Corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

“Area” means the San Diego County, California, Primary Metropolitan Statistical Area.

“Authority Fee” means (i) the administrative fee of the Authority payable on the Closing Date in the amount of \$ _____ and the ongoing administrative fee payable every 12

months, commencing February 1, 2025, in the amount of \$_____ until the Conversion Date and, on the first February 1 following the Conversion Date and thereafter, the ongoing administrative fee payable every 12 months in an amount equal to 0.125% of the outstanding principal amount of the Bonds on the Conversion Date, provided, however, that the ongoing administrative fee shall in no event be less than \$10,000.00; and (ii) an annual occupancy monitoring fee, separately from, and in addition to, the annual ongoing administrative fee referred to in clause (i) of this definition, to the San Diego Housing Commission (the “**Commission**”), for the total number of units monitored by the Commission. The annual occupancy monitoring fee described in clause (ii) of this definition is subject to annual adjustment. The Borrower agrees to pay the Commission, an initial occupancy monitoring fee in the amount set forth in schedules promulgated by Commission from time to time.

“**Banner Bank**” has the meaning given to it in the recitals hereto.

“**Bonds**” has the meaning given to it in the recitals hereto.

“**Borrower’s Tax Certificate**” means the Certificate Regarding Use of Proceeds, dated as of the Closing Date, with respect to certain Development Costs, executed by the Borrower delivered to the Authority by the Borrower.

“**CDLAC**” has the meaning given to it in the recitals hereto.

“**CDLAC Resolution**” means, Resolution No. 23-203 adopted by CDLAC on August 23, 2023, awarding an aggregate allocation of \$47,111,000 to the Project and the Tax-Exempt Bonds, as such resolution may be modified or amended from time to time.

“**Certificate of Continuing Program Compliance**” means the certificate with respect to the Project to be filed by the Borrower with the Authority, which shall be substantially in the form attached hereto as Appendix B.

“**Closing Date**” means the date of delivery of the Bonds.

“**Code**” has the meaning given to it in the recitals hereto.

“**Completion Date**” has the meaning given to it in the Loan Agreement.

“**Conversion Date**” has the meaning given to it in the Loan Agreement.

“**Development**” means, collectively, (a) the Development Site, (b) all buildings, improvements, fixtures, machinery and equipment thereon, excluding any commercial space and associated improvements, fixtures, machinery and equipment included therein, and (c) all additions, modifications, improvements, replacements and substitutions to the Development Site or the items described in clause (b), above.

“**Development Costs**” mean to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, construction and equipping of the Project, whether paid or incurred prior to or after the 60th day preceding the Inducement Date, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the

costs of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Bond Counsel.

“Development Facilities” mean the buildings, structures and other improvements on the Development Site that are being financed with proceeds of the Bonds, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements.

“Development Site” means all of the real estate described in Exhibit A hereto, and all rights and appurtenances appertaining thereto.

“Event of Default” has the meaning given to it in Section 15 hereof.

“Income Certification” means the Income Computation and Certification Form in substantially the form attached hereto as Appendix C.

“Indenture” means the Trust Indenture, dated as of February 1, 2024, between the Authority and Trustee, pursuant to which the Bonds have been issued, as amended or supplemented from time to time.

“Inducement Date” means April 6, 2023, with respect to the Authority’s declaration of intent to issue tax-exempt multifamily housing revenue bonds.

“Investor Limited Partner” has the meaning given to it under Section 10 hereof.

“Loan” has the meaning given to it in the recitals hereto.

“Loan Agreement” means the Construction and Term Loan Agreement, dated as of February 1, 2024, by and among the Authority, Borrower and Banner Bank, as “Majority Owner” and “Servicer” (as such terms are defined in the Indenture), as amended, supplemented or restated from time to time.

“Low Income Tenants” means individuals or families with an Adjusted Income that does not exceed 60% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) defines a student as an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	Adjustment
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

"Low Income Units" means the dwelling units in the Project designated for occupancy by Low Income Tenants pursuant to Section 4(a) of this Regulatory Agreement.

"Majority Owner" means Banner Bank and any successor entity serving in such capacity under the Indenture.

"Median Income for the Area" means the median gross income for the Area as most recently determined by the Secretary of Treasury pursuant to Section 142(d)(2)(B) of the Code.

"Mortgage" has the meaning given to it in the Indenture.

"Other Development" has the meaning given in the recitals of this Regulatory Agreement including, collectively, (a) the site(s) of such Other Development, (b) all buildings, improvements, fixtures, machinery and equipment thereon, excluding any commercial space and associated improvements, fixtures, machinery and equipment included therein, and (c) all additions and improvements to, and all modifications, replacements and substitutions of, the site(s) of the Other Development or the items described in clause (b), above.

"Other Development Costs" means the amounts described in the definition of "Development Costs" as they pertain to the Other Development (rather than to the Development).

"Other Regulatory Agreement" means, collectively, the Regulatory Agreement and Declaration of Restrictive Covenants (4050 El Cajon Boulevard) and Regulatory Agreement and Declaration of Restrictive Covenants (3951 University Avenue), each dated as of February 1, 2024, by and between the Governmental Lender and the Borrower, relating to the Other Development.

"Project" has the meaning given to it in the recitals hereto.

"Qualified Development Costs" means costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to a capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with Regulations section 1.103-8(a)(1), provided, however, that only such portion of interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Development Costs bear to all Development Costs; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (within the meaning of the Code) (whether as a general contractor or a subcontractor), Qualified Development Costs shall include only (A) the actual out-

of-pocket costs incurred by such Affiliate in constructing or rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliate, and (C) any overhead expenses incurred by the Affiliate that are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the Inducement Date or the date of issue of the Bonds, and (iv) if the Development Costs were previously paid and are to be reimbursed with proceeds of the Bonds such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of Regulations section 1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of construction of the Project that do not exceed 20% of the aggregate issue price of the Bonds (as defined in Regulations section 1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid).

“Qualified Project Period” means the period beginning on the first day on which at least 10% of the dwelling units in the Project are first occupied and ending on the later of (a) the date that is 55 years after the date on which 50% of the dwelling units in the Project are occupied, (b) the first day on which no tax exempt bonds or notes with respect to the Project are outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.

“Regulations” means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time.

“Taxable Bonds” has the meaning given to it in the recitals hereto.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Tax-Exempt Bonds, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“Tax-Exempt Bonds” has the meaning given to it in the recitals hereto.

“Trustee” means U.S. Bank Trust Company, National Association.

“Very Low Income Tenants” means individuals or families with an Adjusted Income that does not exceed 50% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Very Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) defines a student as an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of

students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

<u>Household Size</u>	<u>Adjustment</u>
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

“Very Low Income Units” means the dwelling units in the Project designated for occupancy by Very Low Income Tenants pursuant to Section 4(j) of this Regulatory Agreement.

Capitalized terms that are not defined herein shall have the meanings assigned to them in the Indenture.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2. Acquisition, Construction and Equipping of the Project. The Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Borrower has incurred a substantial binding obligation to acquire, construct and equip the Project, pursuant to which the Borrower is obligated to expend at least 5% of the aggregate net sale proceeds of the Tax-Exempt Bonds.

(b) The Borrower’s reasonable expectations respecting the total cost of the acquisition, construction and equipping of the Project and the disbursement of Tax-Exempt Bond proceeds are accurately set forth in the Borrower’s Tax Certificate that has been delivered to the Authority.

(c) The Borrower will proceed with due diligence to complete the acquisition, construction and equipping of the Project and expects to expend the full amount of the proceeds

of the Tax-Exempt Loan for Development Costs and Other Development Costs prior to the date that is three years after the Closing Date.

(d) The statements made in the various certificates delivered by the Borrower to the Authority or Majority Owner are true and correct as of the Closing Date.

(e) The Borrower (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to the requirements of the Indenture, the Loan Agreement or this Regulatory Agreement.

(f) The Borrower shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including, if applicable, the requirements for providing notices in Sections (b), (c), (d) and (e) thereof.

Section 3. Residential Rental Property. The Borrower hereby acknowledges and agrees that the Development will be owned, managed and operated as a "qualified residential rental project" (within the meaning of Section 142(d) of the Code) until the expiration of the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Development is being acquired, constructed and equipped for the purpose of providing multifamily residential rental property, and the Borrower shall own, manage and operate the Development as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Development from time to time.

(b) All of the dwelling units in the Development will be similarly constructed units, and, to the extent required by the Code and the Regulations, each dwelling unit in the Development will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink; provided that any tenant may, but shall not be obligated to, provide a refrigerator for the unit to be occupied.

(c) None of the dwelling units in the Development will at any time be utilized on a transient basis, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park; provided that the use of certain units for tenant guests on an intermittent non-compensated basis shall not be considered transient use for purposes of this Regulatory Agreement.

(d) No part of the Development will at any time be owned or used as a condominium or by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Development and a Final Subdivision Public Report from the California Department of Real Estate, the Borrower has not and shall not take any steps in connection with a conversion of the Development to a condominium or cooperative ownership except with the prior written approving

opinion of Bond Counsel that by reason of any such action the interest on the Tax-Exempt Bonds (if it is outstanding) will not become includable in gross income for federal income tax purposes.

(e) All of the dwelling units (except for the manager's unit described in (g) below) will be available for rental on a continuous basis to members of the general public, and the Borrower has not given and will not give preference to any particular class or group in renting the dwelling units in the Development, except to the extent that dwelling units are required to be leased or rented to Low Income Tenants, Very Low Income Tenants, or holders of Section 8 certificates or vouchers and except as otherwise required pursuant to an agreement entered into with a public entity; provided that in no event shall the Borrower give any preference in violation of the Code.

(f) The Development Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Development Facilities will comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Development.

(g) No dwelling unit in any building in the Development shall be occupied by the Borrower unless the building contains five or more dwelling units, in which case one unit may be occupied by the Borrower or by persons related to or affiliated with the Borrower such as a resident manager or maintenance personnel. Subject to the foregoing limitation, up to a total of one unit in the Development may be occupied by a resident manager or maintenance personnel.

(h) Should involuntary noncompliance with the provisions of section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the Regulations, it will either prepay the Tax-Exempt Loan and cause the Tax-Exempt Bonds to be redeemed or apply any proceeds received as a result of any of the preceding events to reconstruct the Development to meet the requirements of Section 142(d) of the Code and the Regulations.

(i) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, sexual preference, source of income (e.g. TANF, SSI), mental or physical disability, age, national origin or marital status in the rental, lease, use or occupancy of the Development or in connection with the employment or application for employment of persons for the operation and management of the Development.

(j) Following the expiration or termination of the Qualified Project Period, Low Income Units and Very Low Income Units shall remain available to the Low Income Tenants and Very Low Income Tenants, respectively, then occupying such units at the date of expiration or termination of the Qualified Project Period at a rent not greater than the rent determined pursuant to Sections 4(a) and 4(j) below, as applicable, until the earliest of any of the following occurs:

(i) The household's income exceeds 140% of the income at which such household would qualify as a Low Income Tenant or a Very Low Income Tenant.

(ii) The household voluntarily moves or is evicted for "good cause." For these purposes, "good cause" means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the lease agreement

that detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project.

(iii) Fifty-five (55) years after the date on which 50% of the dwelling units in the Project are occupied.

(iv) The Borrower pays the relocation assistance and benefits to such Low Income Tenants or Very Low Income Tenants, as provided in Section 7264(b) of the Government Code of the State of California.

(k) The Authority may but shall not be required to monitor the Borrower's compliance with the provisions of subparagraph (j) above.

Section 4. Low Income Units. Pursuant to the requirements of Section 142(d) of the Code and applicable provisions of the Act, the Borrower hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:

(a) During the Qualified Project Period, not less than 40% of the units in the Development shall be designated as Low Income Units and shall be continuously occupied by or held available for occupancy by Low Income Tenants at monthly rents that do not exceed one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income for the Area, as adjusted for household size utilizing the percentages set forth above under the definition of Low Income Tenant less a reasonable deduction for utilities paid by the tenant as determined by the Authority and assuming (solely for purposes of the above-described limit on the amount of monthly rent, and not for purposes of determining whether individuals or families are Low Income Tenants for purposes of Section 142(d) of the Code) the following unit sizes and household sizes (collectively, the "**Assumed Unit and Household Sizes**"):

Unit Size	Household Size
Studio	One Person
One-Bedroom	Two Persons
Two-Bedroom	Three Persons
Three-Bedroom	Four Persons

Such Low Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units that are available to other tenants and shall be distributed throughout the Development.

A unit occupied by a Low Income Tenant who, at the commencement of the occupancy, is a Low Income Tenant shall be treated as occupied by a Low Income Tenant until a recertification of such tenant's income in accordance with Section 4(c) below demonstrates that such tenant no longer qualifies as a Low Income Tenant and thereafter such unit shall be treated as any residential unit of comparable or smaller size in the Development occupied by a new resident other than a Low Income Tenant. Moreover, a unit previously occupied by a Low Income Tenant and then vacated shall be considered occupied by a Low Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be re-determined. In no event shall such temporary period exceed thirty-one (31) days.

(b) Immediately prior to a Low Income Tenant's occupancy of a Low Income Unit, the Borrower will obtain and maintain on file an Income Certification from each Low Income Tenant occupying a Low Income Unit, dated immediately prior to the initial occupancy of such Low Income

Tenant in the Development. In addition, the Borrower will provide such further information as may be required in the future by the State of California, the Authority, the Act, Section 142(d) of the Code and the Regulations, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. The Borrower shall verify that the income provided by an applicant is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a federal income tax return for the most recent tax year, (2) obtain a written verification of income and employment from the applicant's current employer, (3) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income satisfactory to the Authority or (4) such other information as may be reasonably requested by the Authority.

Copies of the most recent Income Certifications for Low Income Tenants shall be attached to the annual report to be filed with the Authority as required in (d) below.

(c) Immediately prior to the first anniversary date of the occupancy of a Low Income Unit by one or more Low Income Tenants, and on each anniversary date thereafter, the Borrower shall recertify the income of the occupants of each Low Income Unit by obtaining a completed Income Certification based upon the current income of each occupant of the unit. In the event the recertification demonstrates that such household's income exceeds 140% of the income at which such household would qualify as Low Income Tenants, such household will no longer qualify as Low Income Tenants and, to the extent necessary to comply with the requirements of Section 4(a) above, the Borrower will rent the next available unit of comparable or smaller size to one or more Low Income Tenants.

(d) Upon commencement of the Qualified Project Period, and not less than annually thereafter during the term of this Regulatory Agreement, the Borrower shall advise the Authority of the status of the occupancy of the Development by delivering to the Authority a Certificate of Continuing Program Compliance.

(e) The Borrower shall maintain complete and accurate records pertaining to the Low Income Units, and shall permit any duly authorized representative of the Authority, Majority Owner, Department of the Treasury or Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Development, including those records pertaining to the occupancy of the Low Income Units.

(f) The Borrower shall submit to the Secretary of the Treasury annually on the anniversary date of the start of the Qualified Project Period, or such other date as is required by the Secretary, a certification that the Development continues to meet the requirements of Section 142(d) of the Code, and shall provide a copy of such certification to the Authority.

(g) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. The Borrower shall not collect any additional fees or payments from a Low Income Tenant except security deposits or other deposits required of all tenants. The Borrower shall not collect security deposits or other deposits from a Section 8 certificate or voucher holder in excess of those allowed under the Section 8 Program. The Borrower shall not discriminate against applicants for Low Income Units

on the basis of source of income (i.e., TANF or SSI), and the Borrower shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (ability to pay shall be demonstrated if an applicant can show that the same percentage or more of the applicant's income has been paid for rent in the past as will be required to be paid for the rent applicable to the Low Income Unit to be occupied, provided that such Low Income Tenant's expenses have not materially increased).

(h) Each lease pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the applicant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease will also contain a provision that failure to cooperate with the annual recertification process reasonably instituted by the Borrower pursuant to Section 4(c) above may, at the option of the Borrower, disqualify the unit as a Low Income Unit, or provide grounds for termination of the lease.

(i) Prior to the Closing Date, the Borrower agrees to provide to the Authority a copy of the form of application and lease to be provided to prospective Low Income Tenants. The term of the lease shall be not less than 30 days.

(j) In addition to the requirements set forth in Section 4(a), the Authority shall require that not less than eight (8) of the units in the Development shall be Very Low Income Units and shall be rented to, or made available for rental to, Very Low Income Tenants on the same terms and conditions, and subject to the same requirements, as are set forth in this Section 4 with respect to the Low Income Units, except that monthly rents shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area, adjusted as provided in Section 4(a) above.

Section 5. Tax Status of the Bonds. The Borrower and the Authority each hereby represents, as of the date hereof, and warrants, covenants and agrees that:

(a) It will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes or the exemption from California personal income taxation of the interest on the Tax-Exempt Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof;

(b) It will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Authority and Majority Owner, to comply fully with the Act and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 142(d) of the Code to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds; and

(c) The Borrower, at the Borrower's expense, will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Authority and Majority Owner, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Development, including, but not

limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of San Diego.

(d) The Borrower will not enter into any agreements that would result in the payment of principal of or interest on the Tax-Exempt Bonds being “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) The Borrower hereby reaffirms the arbitrage certifications made by it in the Certificate as to Arbitrage executed in connection with the Tax-Exempt Bonds, and such certifications are hereby incorporated herein as covenants of the Borrower by this reference.

(f) The Borrower hereby agrees to comply with the requirements of Section 148(f) of the Code and to rebate excess investment earnings to the federal government.

(g) The Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Development to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

(h) The Borrower shall assure that the proceeds of the Tax-Exempt Bonds are used in a manner such that the Tax-Exempt Bonds will satisfy the requirements of section 142(d) of the Code relating to qualified residential rental projects.

(i) The Tax-Exempt Bonds upon issuance and delivery shall be considered “private activity bonds” within the meaning of the Code with respect to which CDLAC has transferred a portion of the State of California’s private activity bond allocation (within the meaning of section 146 of the Code) equal to the principal amount of the Tax-Exempt Bonds.

(j) The Authority and the Borrower covenant that not less than 95% of the net proceeds of the Tax-Exempt Bonds (within the meaning of section 150(a)(3) of the Code) will be paid for Qualified Development Costs.

(k) The Authority and the Borrower covenant that less than 25% of the proceeds of the Tax-Exempt Bonds shall be used, directly or indirectly, for the acquisition of land.

(l) The Authority and the Borrower covenant that no proceeds of the Tax-Exempt Bonds shall be used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Tax-Exempt Bonds shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Development 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 Development.

(m) The Borrower shall not take, or permit or suffer to be taken by the Majority Owner, Trustee or otherwise, any action with respect to the proceeds of the Tax-Exempt Bonds that, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code.

(n) In accordance with Section 147(b) of the Code, the average maturity of the Tax-Exempt Bonds does not exceed 120% of the average reasonably expected economic life of the facilities being financed by the Tax-Exempt Bonds.

(o) The Authority and the Borrower covenant that, from the proceeds of the Tax-Exempt Bonds and investment earnings thereon, an amount not in excess of two percent (2%) of the proceeds of the Tax-Exempt Bonds, will be used for costs of issuance of the Tax-Exempt Bonds, all within the meaning of section 147(g)(1) of the Code. For this purpose, if the fees of the Agent and the Holder are retained as a discount on the purchase of the Tax-Exempt Bonds, such retention shall be deemed to be an expenditure of proceeds of the Tax-Exempt Bonds for said fees.

(p) The proceeds of the Tax-Exempt Bonds will be allocated to expenses actually paid with proceeds of the Tax-Exempt Bonds unless, prior to the date that is the later of 18 months (i) after the expenditure is paid, or (ii) after the Project financed with proceeds of the Tax-Exempt Bonds is placed in service, the Borrower makes a different allocation of such expenditures to different contemporaneous purposes. In any event, such alternative allocation must occur no later than 60 days after the fifth anniversary of the Closing Date (or 60 days after the retirement of the Tax-Exempt Bonds if earlier).

(q) The Authority and the Borrower covenant that no proceeds of the Tax-Exempt Bonds shall be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in section 147(d)(3) of the Code, "**Rehabilitation Expenses**") with respect to such building equal or exceed 15% of the portion of the cost of acquiring such building (and equipment) financed with proceeds of the Tax-Exempt Bonds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if Rehabilitation Expenditures with respect to such structure equal or exceed 100% of the portion of the cost of acquiring such structure financed with the proceeds of the Tax-Exempt Bonds. In compliance with this provision, within two years after the later of the date of the Borrower's acquisition of the Project or the date of the issuance of the Tax-Exempt Bonds, the Borrower will make Rehabilitation Expenditures in an amount equal to or greater than 15% of the amount of proceeds of the Tax-Exempt Bonds used to acquire any existing buildings and related equipment which are part of the Project.

(r) The Borrower covenants that neither it nor any related party (as used in section 1.148-1(b) of the Regulations) shall acquire any of the Tax-Exempt Bonds so long as the Borrower is the obligor on the Tax-Exempt Bonds.

(s) If a reissuance of the Tax-Exempt Bonds occurs and the Authority is not involved, for example by consenting to any changes in the documents or actions of the parties and executing an IRS Form 8038, the interest on the reissued obligations will not be excluded from gross income for federal income tax purposes and may not be treated as governmental obligations.

The Borrower hereby covenants to notify any subsequent owner of the Development of the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Development to another person to the end that such transferee has notice of such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided that the covenants

contained in this paragraph shall not apply to the Majority Owner or its designee should the Majority Owner or its designee become the owner of the Development by foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan Documents.

Section 6. Modification of Special Tax Covenants. The Borrower and the Authority hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Authority and Majority Owner, impose requirements upon the ownership or operation of the Development more restrictive than those imposed by this Regulatory Agreement that must be complied with in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Authority, Trustee and Borrower, impose requirements upon the ownership or operation of the Development less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment approved and signed by the Authority and Borrower, approved by the Majority Owner, and approved by the written opinion of Bond Counsel that such amendment will not affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

(c) The Borrower and the Authority shall execute, deliver and, if applicable, file of record any and all documents and instruments, necessary to effectuate the intent of this Section 6, and the Borrower appoints the Authority as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the Borrower defaults in the performance of its obligations under this subsection (c); provided, however, that the Authority shall take no action under this subsection (c) without first notifying the Borrower and the Majority Owner.

Section 7. Indemnification. The Borrower hereby releases the Authority, Majority Owner and Trustee and their respective officers and employees from, and covenants and agrees to indemnify, hold harmless and defend the Authority, Majority Owner and Trustee and their respective officers, members, directors, officials, agents and employees and each of them (collectively, the "**Indemnified Parties**" and individually, an "**Indemnified Party**") from and against, any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint or several (including, without limitation, actual and reasonable out-of-pocket costs of investigation, reasonable attorneys' fees, actual out-of-pocket litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), made directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Development, Bonds, or execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Development, the making of the Loan or otherwise; (c) arising from any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Loan or the Development; (d) arising in connection with the issuance and sale, resale or reissuance of the Bonds or any certifications or representations made by any person (other than the Authority or the party seeking indemnification in connection therewith) or the carrying out by the Borrower of any of the

transactions contemplated by the Bonds, the Indenture, the Loan Agreement or this Regulatory Agreement; (e) arising in connection with the operation of the Development, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, construction or equipping of, the Development or any part thereof; and (f) arising out of or in connection with the Majority Owner's or Trustee's exercise of their respective powers or duties under the Loan Agreement, this Regulatory Agreement or the Indenture, as applicable, or any other related agreements to which the Majority Owner, or Trustee are a party; except (1) in the case of the foregoing indemnification of the Majority Owner or Trustee or any of their respective officers, members, directors, agents and employees, to the extent such damages are caused by the gross negligence or willful misconduct of such person and (2) in the case of the foregoing indemnification of the Authority or any of its officers, members, directors, officials, agents and employees, to the extent such damages are caused by the willful misconduct of such person.

This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses and liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim, except (i) in the case of the foregoing indemnification of the Majority Owner or Trustee or any of their respective Indemnified Parties to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party, and (ii) in the case of the foregoing indemnification of the Authority or any of its Indemnified Parties to the extent such damages are caused by the willful misconduct of such Indemnified Party.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party and approved by the Borrower (which approval shall not be unreasonably withheld); and the Borrower shall assume the payment of all actual and reasonable fees and expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Authority shall have the right to review and approve or disapprove any such compromise or settlement. The Borrower specifically acknowledges and agrees that it has an immediate and independent obligation to defend each Indemnified Party from any claim that actually or potentially falls within this Section 7 even if such claim is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to the Borrower by any Indemnified Party and continues at all times thereafter. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the actual and reasonable fees and expenses of such separate counsel; provided, however, that unless such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, the Borrower shall not be required to pay the fees and expenses of such separate counsel unless the Indemnified Party reasonably determines that a conflict exists between the interests of the Borrower and such Indemnified Party, in which case the Borrower shall pay the actual and reasonable fees and expenses of such separate counsel.

The Borrower also shall pay and discharge and shall indemnify and hold harmless the Authority, Majority Owner and Trustee from (i) any lien or charge upon payments by the Borrower to the Authority, Majority Owner and Trustee hereunder arising out of Borrower's actions or inactions and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Development. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Authority shall give prompt notice to the Borrower, and as between the Authority and Borrower, the Borrower shall

have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion.

Notwithstanding any transfer of the Development to another owner in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall remain obligated to indemnify the Indemnified Parties pursuant to this Section 7 for all claims arising from events occurring prior to such transfer, unless at the time of transfer the Authority has consented to indemnification under this Section 7 from such subsequent owner for all claims arising from events occurring prior to such transfer. If the Authority has consented to any transfer of the Development in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall not be obligated to indemnify the Indemnified Parties pursuant to this Section 7 for actions or inactions of the transferee arising after such transfer, but shall remain obligated to provide indemnity for claims related to actions or inactions occurring prior to such transfer.

In addition to the foregoing, the Borrower will pay upon demand all of the fees and expenses paid or incurred by the Majority Owner, Trustee or Authority in enforcing the provisions hereof.

The provisions of this Section 7 shall survive the term of the Bonds and this Regulatory Agreement.

The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Indemnified Parties, and the obligation of the Borrower to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower. The Indemnified Parties shall be entitled simultaneously to seek indemnity under this Section and any other provision under which they are entitled to indemnity.

All obligations of the Borrower under this Regulatory Agreement for the payment of money, including claims for indemnification and damages, shall not be secured by or in any manner constitute a lien on the Development, and none of the Authority, the Majority Owner or the Trustee shall have the right to enforce such obligations other than directly against the Borrower pursuant to Section 17 of this Regulatory Agreement.

The indemnity provided under this Section 7 shall not require payment of principal or interest on the Loan.

Section 8. Consideration. The Authority has issued the Bonds to make the Loan, to finance the Development, all for the purpose, among others, of inducing the Borrower to acquire, construct, equip and operate the Development. In consideration of the issuance of the Bonds by the Authority, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Development can be put on the terms and conditions set forth herein.

Section 9. Reliance. The Authority and the Borrower hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, and in the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds and the exemption from California personal income taxation of the interest on the Bonds. In performing its duties and obligations hereunder, the Authority may rely upon statements and certificates of the Borrower, the Low Income Tenants and Very Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Development. In addition, the Authority may consult

with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Authority, Majority Owner and Trustee under this Regulatory Agreement in good faith and in conformity with such opinion; provided, however, if there are conflicting opinions among the counsel selected by such parties, the opinion of Bond Counsel shall govern the interpretation and enforcement of this Regulatory Agreement.

Section 10. Sale or Transfer of the Development; Syndication. The Borrower intends to hold the Development for its own account, has no current plans to sell, transfer or otherwise dispose of the Development, and hereby covenants and agrees not to sell, transfer or otherwise dispose of the Development, or any portion thereof (other than for individual tenant use as contemplated hereunder), without obtaining the prior written consent of the Authority (except as otherwise provided in this Section 10) and receipt by the Authority (except as otherwise provided in this Section 10) of (i) such certifications as deemed necessary by the Authority to establish that the Borrower shall not be in default under this Regulatory Agreement or under the Loan Agreement or, if any such defaults exist, the purchaser or assignee undertakes to cure such defaults to the satisfaction of the Authority; (ii) a written instrument by which the Borrower's purchaser or transferee has assumed in writing and in full the Borrower's duties and obligations under this Regulatory Agreement, (iii) an opinion of counsel for the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iv) documentation from the transferee reflecting the transferee's experience or, should the transferee choose to have a property manager run the Development, a property manager's experience with owning and/or operating multifamily housing projects such as the Development and with use and occupancy restrictions similar to those contained in this Regulatory Agreement, (v) evidence of satisfaction of compliance with the provisions of Section 27(d)(i) related to notice to CDLAC of transfer of the Development and (vi) an opinion of Bond Counsel addressed to the Authority to the effect that such transfer will not cause interest on the Tax-Exempt Bonds to become includable in the gross income of the recipients thereof for federal income tax purposes.

No transfer of the Development shall operate to release the Borrower from its obligations under this Regulatory Agreement with respect to any action or inaction taken prior to such transfer. Nothing contained in this Section 10 shall affect any provision of the Loan Documents to which the Borrower is a party that requires the Borrower to obtain the consent of the Majority Owner as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Development or of any direct or indirect interest in the Borrower or that gives the Majority Owner the right to accelerate the maturity of the Loan under the Loan Agreement, or to take some other similar action with respect to the Loan, upon the sale, transfer or other disposition of the Development. Notwithstanding anything contained in this Section 10 to the contrary, neither the consent of the Authority nor the delivery of items (i) through (vi) of the preceding paragraph shall be required in the case of a foreclosure or deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Mortgage), whereby the Majority Owner or any of its designees, or a third-party purchaser from the Majority Owner or any of its designees becomes the owner of the Development, and nothing contained in this Section 10 shall otherwise affect the right of the Majority Owner or any of its designees, or any such third-party purchaser, to foreclose on the Development or to accept a deed in lieu of foreclosure. Delivery of items (i) through (vi) (or, if the Bonds are no longer outstanding, (i) through (v)) of the preceding paragraph and, while the Bonds are outstanding, consent of the Authority (which consent shall not be unreasonably withheld) shall be required for any future transfer of the Development to be made subsequent to any transfer described in the preceding sentence.

It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Development in violation of this Section 10 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Not less than 30 days prior to consummating any sale, transfer or disposition of any interest in the Development, the Borrower shall deliver to the Authority, Majority Owner and Trustee a notice in writing explaining the nature of the proposed transfer.

Notwithstanding the above, the Issuer hereby approves (a) the transfer of limited partnership interests in the Borrower to affiliates of U.S. Bancorp Community Development Corporation, a Minnesota corporation, or its successors and assigns (the “**Investor Limited Partner**”) of the Borrower, including, without limitation and the transfer of partnership interests in the Borrower from the Investor Limited Partner; (b) the withdrawal of any partner of the Borrower under the Borrower’s amended and restated partnership agreement (the “**Partnership Agreement**”); (c) any other transfer of interests pursuant to the provisions of the Partnership Agreement as in effect from time to time, including but not limited to the removal of a general partner of the Borrower and replacement thereof by an affiliate of any partner of the Borrower; and (d) the grant by the Borrower and exercise of an option and/or right of first refusal by the general partner or an affiliate thereof in accordance with the Partnership Agreement.

Section 11. Term. Except as provided in Section 3(j) and Section 7 above, which provisions shall continue beyond the Qualified Project Period, and, except as provided in the second paragraph of this Section 11, this Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect during the Qualified Project Period, or for such longer period as is provided in Sections 3(j) and 7 above, and in the CDLAC Resolution referred to in Section 27 below, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds and expiration of the Indenture, Loan Agreement and Loan. Notwithstanding any other provisions of this Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or sections hereof, may be terminated prior to the expiration of the Qualified Project Period upon agreement by the Authority, Majority Owner, (if any Bonds are outstanding) and Borrower only if there shall have been received by the Authority and the Majority Owner an opinion of Bond Counsel that such termination will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds or the exemption from State personal income taxation of the interest on the Bonds.

The terms of this Regulatory Agreement to the contrary notwithstanding (except as to the provisions of Section 7), this Regulatory Agreement, and each and all of the terms hereof, shall automatically terminate and be of no further force or effect in the event of (i) an involuntary noncompliance by the Borrower with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the provisions of this Regulatory Agreement, or (ii) foreclosure on the Development or delivery of a deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Mortgage) or condemnation or a similar event, but only if within a reasonable period thereafter the Bonds are redeemed or retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Code set forth in this Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure on the Development or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any Affiliate obtains an ownership interest in the Development for federal income tax purposes. The parties hereto mutually intend the previous

sentence to be interpreted in accordance with the minimum requirements of section 1.103-8(b)(6) of the Regulations.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms. Borrower agrees that the reasonable fees and costs of the Authority, Majority Owner and Trustee and their respective legal counsel in connection with the termination of this Regulatory Agreement shall be paid by the Borrower.

Section 12. Covenants to Run with the Land. The Borrower hereby subjects the Development Site to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Authority and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Development; 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 Development or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 13. Burden and Benefit. The Authority and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Development is rendered less valuable thereby. The Authority and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Development by Low Income Tenants and Very Low Income Tenants and by furthering the public purposes for which the Bonds were issued.

Section 14. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Development in order to establish and carry out a common plan for the use, development and improvement of the Development Site.

Section 15. Enforcement. If the Borrower defaults in the performance or observance of any of its covenants, agreements or obligations set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given (i) by the Authority to the Borrower, Trustee, the Investor Limited Partner or (ii) by the Majority Owner to the Authority, the Investor Limited Partner, and the Borrower (provided, however, that the Authority may at its sole option extend such period if the Borrower provides the Authority and Majority Owner with an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds (if outstanding)), then the Authority may declare an "**Event of Default**" to have occurred hereunder and shall provide written notice thereof to the Borrower and Majority Owner, as applicable, and, at the Authority's option, may take any one or more of the following steps:

- (i) by mandamus or other suit, action or proceeding at law or in equity, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Development;

(iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder; or

(iv) with the consent of the Majority Owner, which consent shall be within the Majority Owner's sole and absolute discretion, declare a default under the Loan Agreement, as applicable, and proceed with any remedies provided therein.

The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the Authority may fully obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower.

The Trustee shall have the right, in accordance with this Section 15 and subject to the applicable provisions of the Indenture, without the consent or approval of the Authority, but with the consent of the Majority Owner, which consent shall not be unreasonably withheld, to exercise any or all of the rights or remedies of the Authority hereunder; provided that prior to taking any such act, the Majority Owner shall give the Authority written notice of its intended action. After the Indenture has been discharged, the Authority may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Trustee. All fees, costs and expenses of the Majority Owner (including, without limitation, reasonable attorneys' fees) incurred in taking any action pursuant to this Section 15 shall be the sole responsibility of the Borrower.

Notwithstanding anything contained in this Regulatory Agreement, the Indenture or the Loan Agreement to the contrary, the occurrence of an Event of Default shall not be deemed, under any circumstances whatsoever, to be a default under the Loan Documents except as may be otherwise specified, as applicable, in the Loan Documents.

The rights of the Majority Owner under this Section are in addition to all rights conferred upon the Majority Owner under the Indenture and other Loan Documents (as defined in the Indenture), and in no way limit those rights. No breach of any of the provisions of this Regulatory Agreement shall impair, defeat or render invalid the lien of the Mortgage.

The Authority agrees that cure of any 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. Notwithstanding anything to the contrary contained herein, the Investor Limited Partner shall have the right, but not the obligation, to cure an Event of Default hereunder.

Section 16. Recording and Filing. The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto to be recorded and filed in the real property records of the County of San Diego and in such other places as the Authority and Majority Owner may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

Section 17. Payment of Fees. The Borrower shall pay to the Authority the issuance and annual (ongoing) Authority Fee on the dates and in the amounts set forth in the definition thereof. Notwithstanding any prepayment of the Loan or any discharge of the Indenture, except as set forth in the following paragraph, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay to the Authority the Authority Fee, and, following the occurrence of an Event of Default, to the Authority and Majority Owner reasonable compensation for any services rendered by any of them hereunder and reimbursement for all expenses reasonably incurred by any of them as a result of such Event of Default. The Authority Fee referenced in this section shall in no way limit amounts payable by the Borrower under Section 7 hereof, or arising after an Event of Default in connection with the Authority's or Majority Owner's enforcement of the provisions of this Regulatory Agreement.

In the event that the Bonds are prepaid in part or in full prior to the end of the term of this Regulatory Agreement, the Authority Fee for the remainder of the term of this Regulatory Agreement, at the option of the Authority, shall continue to be payable to the Authority for the number of years remaining under the Regulatory Agreement. At the option of the Authority, the Authority Fee shall be paid by the Borrower at the time of the prepayment of the Bonds and shall be a lump sum amount equal to the present value (based on a discount rate equal to the combined yield on the Bonds, as determined by the Authority at the time of prepayment) of the Authority Fee, calculated based on the amount of the Bonds outstanding immediately preceding such prepayment, for the number of years remaining in the Qualified Project Period under this Regulatory Agreement.

During any period that the Majority Owner or any of its respective agents owns the Development, it shall be responsible to make payments under this Section 17 accruing during such period. The Majority Owner shall not be liable for the payment of any compensation or any fees, costs, expenses or penalties otherwise payable for any period of time that it was not or is not the owner of the Development.

It is acknowledged and agreed that only one Authority Issuance Fee and Authority Annual Fee shall be payable with respect to the Funding Loan Notes and, accordingly, it is agreed that any amounts paid in respect of the "Authority Issuance Fee" and the "Authority Annual Fee" under the Other Regulatory Agreement shall be credited against the Authority Issuance Fee and the Authority Annual Fee, respectively, payable under this Regulatory Agreement.

Section 18. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California.

Section 19. Amendments. Except as provided in Sections 6(a) and 27(e) hereof, this Regulatory Agreement shall be amended (i) only with the prior written consent of the Majority Owner and (ii) by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of San Diego. The parties hereto acknowledge that for so long as the Bonds are outstanding, the Trustee is a third-party beneficiary to this Regulatory Agreement. Any amendment to this Regulatory Agreement shall be accompanied by an opinion of Bond Counsel to the effect that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

Section 20. Notice. All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the date personally delivered or on the third business day

following the date on which the same have been mailed by certified mail, return receipt requested, postage prepaid and addressed as follows:

The Trustee:	U.S. Bank Trust Company, National Association 633 W. Fifth Street, 24th Floor Los Angeles, California 90071 Attention: Global Corporate Trust Reference: Cuatro at City Heights
The Authority:	San Diego Housing Commission/Housing Finance 1122 Broadway, Suite 300 San Diego, California 92101 Attention: Vice President of Multifamily Housing Finance Facsimile: (619) 578-7356
with a copy to: (which shall not constitute notice to the Authority)	Office of the San Diego City Attorney 1200 Third Avenue, Suite 1620 San Diego, California 92101 Attention: Marguerite Middaugh Facsimile: (619) 236-7215
with a copy to: (which shall not constitute notice to the Authority)	Jones Hall, A Professional Law Corporation 475 Sansome Street, Suite 1700 San Francisco, California 94111 Attention: Josh D. Anzel, Esq. Facsimile: (415) 276-2088
The Majority Owner:	Banner Bank 5930 Granite Lake Drive, #170 Granite Bay, California 95746 Loan Nos. 14018431 and 14018432
with a copy to:	Davis Wright Tremaine LLP 865 S. Figueroa Street, Suite 2400 Los Angeles, California 90017 Attention: Tiffany Switzer, Esq.
The Borrower:	Cuatro at City Heights LP c/o Wakeland Housing and Development Corporation 1230 Columbia Street, Suite 950 San Diego, California 92101 Attention: President
with a copy to:	Goldfarb & Lipman LLP 1300 Clay Street, 11th Floor Oakland, California 4612 Attention: Heather Gould, Esq.

the Trustee shall have the right (but not the obligation) to enforce the terms of this Regulatory Agreement insofar as this Regulatory Agreement sets forth obligations of the Borrower.

CDLAC is also intended to be and shall be a third-party beneficiary of this Regulatory Agreement to the limited extent that it shall be entitled to enforce, in accordance with Section 15 hereof, the terms of the CDLAC Resolution.

Section 26. Damage, Destruction or Condemnation of the Development. In the event that the Development is damaged or destroyed or title to the property, or any part thereof, is taken through the exercise or the threat of the exercise of the power of eminent domain, the Borrower shall comply with all applicable requirements of the other Loan Documents.

Section 27. CDLAC Requirements. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 and 5 hereof, the Borrower hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 27, as follows:

(a) The Borrower shall comply with the CDLAC Resolution, which is attached hereto as Appendix D, and the CDLAC Conditions set forth in Exhibit A thereto (collectively, the “**CDLAC Conditions**”), which conditions are incorporated herein by reference and made a part hereof. The Borrower will prepare and submit to the Authority:

(i) not later than February 1 of each year, until the Development is completed, and on February 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Certification of Compliance II for Qualified Residential Rental Projects, in substantially the form attached hereto as Appendix E or otherwise required or provided by CDLAC from time to time after the date hereof (“**CDLAC Compliance Certificate**”), executed by an authorized representative of the Borrower; such CDLAC Compliance Certificate shall be prepared pursuant to the terms of the CDLAC Conditions;

(ii) a Certificate of Completion, in substantially the form attached hereto as Appendix F or otherwise required or provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Borrower certifying among other things to the substantial completion of the Development; and

(iii) not later than February 1 of every third year following the submission of the Certificate of Completion, until the later of the end of the Qualified Project Period or the period described in paragraph (c), below, a project status report, as required or provided by the California Tax Credit Allocation Committee or equivalent documentation required or otherwise provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Borrower.

Compliance with the terms of the CDLAC Conditions not contained within this Regulatory Agreement, but referred to in the CDLAC Conditions, are the responsibility of the Borrower to report to the Authority.

(b) The Borrower acknowledges that the Authority shall monitor the Borrower’s compliance with the terms of the CDLAC Conditions. The Borrower acknowledges that the Authority will prepare and submit to CDLAC, not later than March 1 of each year, until the Development is completed, and on March 1 every three years thereafter (such that the next

succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Self-Certification Certificate in the form provided by CDLAC. The Borrower will cooperate fully with the Authority in connection with such monitoring and reporting requirements.

(c) Except as otherwise provided in Section 11 of this Regulatory Agreement, this Regulatory Agreement shall terminate on the date 55 years after the date on which at least fifty percent (50%) of the units in the Development are first occupied or otherwise after the commencement of the Qualified Project Period.

(d) The Borrower shall notify CDLAC in writing of: (i) any change in ownership of the Development; (ii) any change in the issuer of the Tax-Exempt Bonds; (iii) any change in the name of the Development or the property manager; (iv) any default under the Indenture, the Loan Agreement or this Regulatory Agreement, including, but not limited to, such defaults associated with the Tax-Exempt status of the Tax-Exempt Bonds, and the income and rental requirements as provided in Sections 4 and 5 hereof and the CDLAC Conditions; or (v) termination of this Regulatory Agreement.

(e) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Borrower after the Closing Date, at any time, that are not more restrictive than the original CDLAC Conditions; provided however, that, with the prior written consent of the Majority Owner, which will not be unreasonably withheld: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Development in the real property records of the County of San Diego of a regulatory agreement between Borrower and the California Tax Credit Allocation Committee ("**TCAC Regulatory Agreement**") shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Borrower or the Development; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26 and/or 37 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by Borrower and approved by CDLAC. The Authority may, in its sole and absolute discretion, require the Borrower to enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties hereto or their successor in title and duly recorded in the official real estate records of the County of San Diego. The Borrower shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

Any of the foregoing requirements of the CDLAC Conditions contained in this Section 27 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 27 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Authority has received an opinion of Bond Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes; and (ii) any requirement of this Section 27 shall be void and of no force and effect if the Authority and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Tax-Exempt Bonds to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other state or federal law.

Section 28. Annual Reporting Covenant. No later than January 31 of each calendar year (commencing January 31, 2025), the Borrower, on behalf of the Authority, agrees to provide to the California Debt and Investment Advisory Commission, by any method approved by the California Debt and Investment Advisory Commission, with a copy to the Authority, the annual report information required by Section 8855(k)(1) of the California Government Code. This covenant shall remain in effect until the later of the date (i) the Bonds are no longer Outstanding or (ii) the proceeds of the Bonds have been fully spent.

CUATRO AT CITY HEIGHTS LP,
a California limited partnership

By: Cuatro at City Heights LLC,
a California limited liability company
its managing general partner

By: Wakeland Housing and Development
Corporation, a California nonprofit public
benefit corporation, its sole member and
manager

By: _____
Peter Armstrong
Vice President of Real Estate
Development

[Notary Pages]

APPENDIX A

LEGAL DESCRIPTION

The estate or interest in the land described below and which is encumbered is:

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

[TO COME]

APPENDIX B

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned, _____, being duly authorized to execute this certificate on behalf of Cuatro at City Heights LP, a California limited partnership (the "Borrower"), hereby represents and warrants that:

1. The undersigned has read and is familiar with the provisions of the following documents associated with the Borrower's participation in the Housing Authority of the City of San Diego's (the "Authority") Multifamily Housing Revenue Bonds (Cuatro at City Heights) Series 2024C-1 and Multifamily Housing Revenue Bonds (Cuatro at City Heights) Series 2024C-2 (Taxable), such documents including:

(a) the Regulatory Agreement and Declaration of Restrictive Covenants (4050 and 4102-4122 University Avenue) (the "Regulatory Agreement") dated as of February 1, 2024 by and between the Borrower and the Authority; and

(b) the Promissory Note (Tax-Exempt), dated February 1, 2024, from the Borrower to the Authority, and the Promissory Note (Taxable), dated February 1, 2024, from the Borrower to the Authority, representing the Borrower's obligation to repay the Loan.

2. As of the date of this certificate, the following percentages of residential units in the Development (i) are occupied by Very Low Income Tenants or Low Income Tenants (as such terms are defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Very Low Income Tenant or Low Income Tenant vacated such unit:

		Studio Units	One- Bedroom Units	Two- Bedroom Units	Three- Bedroom Units	Total
Occupied by Very Low Income Tenants:	% Unit Nos.:	_____	_____	_____	_____	_____
Held vacant for occupancy continuously since last occupied by a Very Low Income Tenant:	% Unit Nos.:	_____	_____	_____	_____	_____
Occupied by Low Income Tenants:	No. of Units:	_____	_____	_____	_____	_____
Held vacant for occupancy continuously since last occupied by a Low Income Tenant:	No. of Units:	_____	_____	_____	_____	_____

3. The Borrower hereby certifies that to the best of its knowledge the Borrower is not in default under any of the terms of the above documents and no event has occurred which, with the passage of time, would constitute an event of default thereunder, with the exception of the following [state actions being taken to remedy default].

CUATRO AT CITY HEIGHTS LP,
a California limited partnership

By: Cuatro at City Heights LLC,
a California limited liability company
its managing general partner

By: Wakeland Housing and Development
Corporation, a California nonprofit public
benefit corporation, its sole member and
manager

By: _____
Peter Armstrong
Vice President of Real Estate
Development

APPENDIX C

INCOME COMPUTATION AND CERTIFICATION

NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 CFR 5.609). You should make certain that this form is at all times up to date with the HUD Regulations. All capitalized terms used herein shall have the meaning set forth in the Regulatory Agreement.

Re: _____, San Diego, CA _____

I/We, the undersigned state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the above apartment project. Listed below are the names of all persons who intend to reside in the unit:

1 Name of Members of the Household	2 Relationship to Head of Household	3 Social Security Number	4 Age	5 Place of Employment
_____	HEAD	_____	_____	_____
_____	SPOUSE	_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____

Income Computation

6. The total anticipated income, calculated in accordance with this paragraph 6, of all persons (except children under 18 years) listed above for the 12-month period beginning the earlier of the date that I/we plan to move into a unit or sign a lease for a unit is \$_____.

Included in the total anticipated income listed above are:

(a) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;

(b) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;

(c) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (6)(b) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by the Department of Housing and Urban Development;

(d) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount except deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts;

(e) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay except lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (excluding payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay);

(f) Welfare assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

(1) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(2) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage;

(g) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(h) All regular pay, special pay and allowances of a member of the Armed Forces except the special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

Excluded from such anticipated income are:

(a) Income from employment of children (including foster children) under the age of 18 years;

(b) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);

(c) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses except payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;

(d) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

(e) Income of a live-in aide, as defined by 24 CFR §5.403;

(f) The full amount of student financial assistance paid directly to the student or to the educational institution;

(g) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

(h) (1) Amounts received under training programs funded by the Department of Housing and Urban Development;

(2) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(3) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(4) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the Public Housing Authority or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination. No resident may receive more than one such stipend during the same period of time;

(5) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(i) Temporary, nonrecurring or sporadic income (including gifts);

(j) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(k) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);

(l) Adoption assistance payments in excess of \$480 per adopted child;

(m) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.

(n) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;

(o) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(p) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR §5.609(c) apply.

7. Do the persons whose income or contributions are included in item 6 above

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)?

_____ Yes _____ No

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value?

_____ Yes _____ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000?

_____ Yes _____ No

(d) If the answer to (c) above is yes, state:

(1) the combined total value of all such assets: \$_____;

(2) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: \$_____, and

(3) the amount of such income, if any, that was included in item 6 above:

\$_____

8. (a) Are all of the individuals who propose to reside in the unit full-time students*?

_____ Yes _____ No

*A full-time student is an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

(b) If the answer to 8(a) is yes, is at least 2 of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return?

_____ Yes _____ No

9. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the rental housing project in which the unit is located (hereinafter the "Borrower"), has any family relationship to the Borrower; or owns directly or indirectly any interest in the Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership

or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member; and ownership, direct or indirect, by a partner of the individual.

10. This certificate is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable and that the statement of total anticipated income contained in paragraph 6 is reasonable and based upon such investigation as the undersigned deemed necessary.

11. I/we will assist the Borrower in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

12. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this ____ day of _____ in the County of San Diego, California.

Applicant

Applicant

[Signature of all persons (except children under the age of 18 years) listed in number 2 above required]

FOR COMPLETION BY BORROWER ONLY:

1. Calculation of eligible income:
 - a. Enter amount entered for entire household in 6 above: \$
 - b. (1) If the answer to 7(c) above is yes, enter the total amount entered in 7(d)(2), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance (\$_____)
 - (2) Multiply the amount entered in 7(d)(1) times the current passbook savings rate as determined by HUD to determine what the total annual earnings on the amount in 7(d)(1) would be if invested in passbook savings (\$_____), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance (\$_____);
 - (3) Enter at right the greater of the amount calculated under (1) or (2) above: \$
 - c. TOTAL ELIGIBLE INCOME
(Line 1.a plus line 1.b(3)): \$
2. The amount entered in line 1.c:
____ Qualifies the applicant(s) as a Low Income Tenant(s) ___ or a Very Low Income Tenant(s) ___ [check applicable box, if any]

____ Does not qualify the applicant(s) as a Low Income Tenant(s) __, or a Very Low Income Tenant(s) ___ [check applicable box, if any].
3. Number of apartment unit assigned: _____ Rent: \$
Bedroom Size _____
4. This apartment unit [was/was not] last occupied for a period of 31 or more consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Low Income Tenants ___ or Very Low Income Tenants ___ [check applicable box].
5. Method used to verify applicant(s) income:
____ Employer income verification.
____ Copies of tax returns.
____ Other (_____)

Manager

INCOME VERIFICATION
(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed under the Housing Authority of the City of San Diego Multifamily Housing Revenue Bond Program for persons of lower income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual wages	_____
Overtime	_____
Bonuses	_____
Commissions	_____
Other Income	_____
Total current income	_____

I hereby certify that the statements above are true and complete to the best of my knowledge.

Signature Date Title

I hereby grant you permission to disclose my income to _____ in order that they may determine my income eligibility for rental of an apartment located in their project which has been financed under the Housing Authority of the City of San Diego Multifamily Housing Revenue Bond Program.

Signature Date

Please send to:

INCOME VERIFICATION
(for self-employed persons)

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Signature

Date

APPENDIX D
CDLAC RESOLUTION

[attached]

APPENDIX E

CDLAC COMPLIANCE CERTIFICATE

CERTIFICATION of COMPLIANCE II
for QUALIFIED RESIDENTIAL RENTAL PROJECT

Project Name: Cuatro at City Heights (4050 and 4102-4122 University Avenue)

Name of Bond Issuer: Housing Authority of the City of San Diego

1. Project Name Change: No____ Yes____
(If project name has changed since the award of allocation please note the original project name as well as the new project name.)

If yes provide old and new Project Name _____

2. CDLAC Application No.: 23-563

3. Bond Issuer Change: No____ Yes____
(If Bond Issuer has changed since the award as a result of refinance or refunding of an allocation please note the original Issuer as well as the new Issuer.)

If yes provide the Name of existing and New Issuer _____
Contact Information _____

4. Change in Borrower No____ Yes____
(If Borrower has changed since the award affecting the CDLAC resolution please note the original Borrower as well as the new Borrower.)

If yes provide the Name of the existing and New Borrower _____
Contact Information _____

5. Change in Management Company No____ Yes____
If yes provide the Name of the New Management Company _____

6. Has the Qualified Project Period commenced? No____ Yes____
No____ Yes____ Already Submitted Certification
If yes please submit the Certificate of Qualified Project Period (one time only)

7. Has the project been completed and placed in service?
No____ Yes____ Already Submitted Certification
If yes please submit Completion Certification (one time only)

8. Have any of the following events occurred associated with the bond allocation including but not limited to: defaults associated with rents and income requirements, Bond Default or a Qualified Bond Default.
No____ Yes____

If so, please describe and explain?

9. Has a termination of the Regulatory Agreement occurred or is a termination planned in the next year? Has proper noticing occurred?

No _____ Yes _____

If so, please describe and explain?

10.	Federally Bond Restricted Units (Reflected in PSR) _____ at 50% AMI _____ at 60% AMI	Other Restrictions (Reflected in PSR) _____ at 50% AMI _____ at 60% AMI	Total (Reported in CDLAC Resolution) _____ at 50% AMI _____ at 60% AMI
-----	--	--	--

11. Please indicate the distribution of the CDLAC restricted 10% of the 50% AMI units

Bedroom Type	# of Units in PSR	# of Units in CDLAC Resolution
1 Bedroom	_____	_____
2 Bedroom	_____	_____
3 Bedroom	_____	_____

12. If the Project has committed to and is currently providing the service amenities for a term as specified in the CDLAC resolution, please verify the services are being provided: on a regular and ongoing basis, which are provided free of charge and all hour requirements are being met:

- _____ After-school Programs
- _____ Educational, health and wellness, or skill building classes
- _____ Health and Wellness services and programs (not group classes)
- _____ Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)
- _____ Bona-Fide Service Coordinator/ Social Worker

Is the service being offered on an ongoing basis and provided free of charge (childcare excepted)?

No _____ Yes _____

Are all hour requirements being met?

No _____ Yes _____

Attach evidence demonstrating that the above listed services are being provided and have met the requirements in the CDLAC Resolution. Including but not limited to MOUs and or contracts associated with the services rendered, a 12-month schedule (current reporting year) of the services offered, flyers, sign-up sheets, etc.

"Pursuant to Section 13 of Resolution No. 23-203 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on August 23, 2023, I, _____, an Officer of the Borrower, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the

Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Signature of Officer

Printed Name of Officer

Title of Officer

Date

APPENDIX F

CDLAC COMPLETION CERTIFICATE

CERTIFICATE of COMPLETION for QUALIFIED RESIDENTIAL RENTAL PROJECTS

- 1) Project Name: Cuatro at City Heights (4050 and 4102-4122 University Avenue)
(If project name has changed since the award of allocation please note the original project name as well as the new project name.)
- 2) CDLAC Application No.: 23-563
- 3) Name of Bond Issuer: Housing Authority of the City of San Diego
- 4) Name of Borrower: Cuatro at City Heights LP, a California limited partnership
(If Borrower has changed name since the award please note the original Borrower as well as the new Borrower.)
- 5) The undersigned hereby certifies that all work on the Project was substantially completed as of _____, 20__

The undersigned hereby further certifies that:

- (a) the aggregate amount disbursed on the Loan to date is \$ _____
 - (b) all amounts disbursed from proceeds of the Bonds have been applied to pay or reimburse the undersigned for the payment of Development Costs and Other Development Costs and none of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse any party for the payment of costs or expenses other than Development Costs and Other Development Costs; and
 - (c) at least 95 percent of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse the Borrower for the payment of Qualified Development Costs and Other Development Costs (as that term is used in the Regulatory Agreement) and less than 25 percent of the amounts disbursed from the proceeds of the Bonds, exclusive of amounts applied to pay the costs of issuing the Bonds, have been applied to pay or reimburse the Borrower for the cost of acquiring land.
 - (d) the cost of the bond issuance was equal to or less than 2% of the bond proceeds issued.
- 6) The undersigned hereby certifies the project meets the general federal rule for a Qualified Project Period.
No _____ Yes _____

- (a) 10% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____ , 20__ and
- (b) 50% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____ , 20__ .

7) If no to 6) the undersigned hereby certifies the project meets the special federal rule for a Qualified Project Period.
No_____ Yes_____

(Project qualifies if it is an acquisition/rehabilitation where no more than 90% of the units were not available for occupancy within 60 days of the earlier of the project acquisition or the Bonds Issuance Date.)

- (a) Bonds were issued on _____ , 20__
- (b) Property was acquired on _____ 20__
- (c) The date 10% of the units were available to occupy (within 60 days of the earlier of the acquisition or bond issuance) _____ , 20__

Signature of Officer

Printed Name of Officer

Title of Officer

Phone Number

**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:
Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Josh D. Anzel, Esq.**

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS
(4050 EL CAJON BOULEVARD)**

By and Between

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

and

CUATRO AT CITY HEIGHTS LP,

Dated as of February 1, 2024

Relating to:

**\$47,111,000
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Cuatro at City Heights)
Series 2024C-1**

**[\$C-2 Amount]
Housing Authority of the City of San Diego
Multifamily Housing Revenue Bonds
(Cuatro at City Heights)
Series 2024C-2 (Taxable)**

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**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS
(4050 EL CAJON BOULEVARD)**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (4050 EL CAJON BOULEVARD) (this “**Regulatory Agreement**”), dated as of February 1, 2024, by and between the Housing Authority of the City of San Diego, a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California (together with any successor to its rights, duties and obligations, the “**Authority**”) and Cuatro at City Heights LP, a California limited partnership (the “**Borrower**”).

W I T N E S S E T H

WHEREAS, the Authority is a California housing authority acting under the Housing Authorities Law, Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (the “**Act**”); and

WHEREAS, pursuant to the Act, the Authority is authorized to issue bonds or notes to finance the acquisition, construction and equipping of multifamily rental housing for families and individuals of low income and very low income within the City of San Diego, California (the “**City**”); and

WHEREAS, the Authority is a political subdivision (within the meaning of that term in the Regulations of the Department of Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “**Code**”)); and

WHEREAS, on February 13, 2024, the legislative body of the Authority adopted a resolution (the “**Resolution**”) authorizing the issuance of revenue bonds in connection with financing the acquisition, construction, and equipping of a scattered-site project within the City to be known as “Cuatro at City Heights,” consisting of the following: (i) a 71-unit (including one manager’s unit) multifamily rental housing facility located at 4050 and 4102-4122 University Avenue (“**4050 and 4102-4122 University**”); (ii) a 21-unit multifamily rental housing facility located at 3951 University Avenue (together with 4050 and 4102-4122 University, the “**Other Development**”); and (iii) a 25-unit (including one manager’s unit) multifamily rental housing facility located at 4050 El Cajon Boulevard (as more particularly defined herein, the “**Development**,” and together with the Other Development, the “**Project**”); and

WHEREAS, in furtherance of the purposes of the Act and the Resolution and as a part of the Authority’s plan of financing residential rental housing, the Authority has issued its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cuatro at City Heights) Series 2024C-1 in the aggregate principal amount of \$47,111,000 (the “**Tax-Exempt Bonds**”) and its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cuatro at City Heights) Series 2024C-2 (Taxable) in the aggregate principal amount of \$[C-2 Amount] (the “**Taxable Bonds**” and, together with the Tax-Exempt Bonds, the “**Bonds**”) to Banner Bank, a Washington corporation (“**Banner Bank**”), whose proceeds will be used to make a loan to the Borrower (the “**Loan**”) to enable the Borrower to finance the acquisition, construction and equipping of the Project for the public purpose of providing decent, safe and sanitary housing for families and individuals of low income and very low income; and

WHEREAS, the Authority, Borrower and Banner Bank, as “Majority Owner” and “Servicer” (as such terms are defined in the Indenture (defined herein)), have entered into a Loan Agreement (as defined herein), providing the terms and conditions under which the Authority will make the Loan to the Borrower to finance the acquisition, construction and equipping of the Project; and

WHEREAS, all things necessary to make the Bonds, when issued as provided in the Indenture, the valid, binding, and limited obligations of the Authority according to the import thereof, and to constitute the Indenture a valid assignment of the amounts pledged to the payment of the principal of, and premium, if any, and interest on the Bonds, have been done and performed, and the creation, execution, and delivery of the Indenture, and the execution and issuance of the Bonds, subject to the terms thereof, in all respects have been duly authorized; and

WHEREAS, the Authority has obtained an allocation for the Project of a portion of the State of California’s private activity bond volume cap, within the meaning of Section 146 of the Code, in accordance with the procedures established by the California Debt Limit Allocation Committee (“**CDLAC**”); and

WHEREAS, the Code and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Development be restricted in certain respects, and in order to ensure that the Development will be owned and operated in accordance with the Code and the Act, the Authority and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction, equipping and operation of the Development;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Authority and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. The following terms shall have the respective meanings assigned to them in this Section 1, unless the context in which they are used clearly requires otherwise:

“Adjusted Income” means the adjusted income of all persons who intend to reside in one residential unit, calculated in the manner determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code.

“Affiliate” means (1) a Person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (2) a Person who together with the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein), (3) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or (4) an S Corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

“Area” means the San Diego County, California, Primary Metropolitan Statistical Area.

“Authority Fee” means (i) the administrative fee of the Authority payable on the Closing Date in the amount of \$ _____ and the ongoing administrative fee payable every 12

months, commencing February 1, 2025, in the amount of \$_____ until the Conversion Date and, on the first February 1 following the Conversion Date and thereafter, the ongoing administrative fee payable every 12 months in an amount equal to 0.125% of the outstanding principal amount of the Bonds on the Conversion Date, provided, however, that the ongoing administrative fee shall in no event be less than \$10,000.00; and (ii) an annual occupancy monitoring fee, separately from, and in addition to, the annual ongoing administrative fee referred to in clause (i) of this definition, to the San Diego Housing Commission (the “**Commission**”), for the total number of units monitored by the Commission. The annual occupancy monitoring fee described in clause (ii) of this definition is subject to annual adjustment. The Borrower agrees to pay the Commission, an initial occupancy monitoring fee in the amount set forth in schedules promulgated by Commission from time to time.

“**Banner Bank**” has the meaning given to it in the recitals hereto.

“**Bonds**” has the meaning given to it in the recitals hereto.

“**Borrower’s Tax Certificate**” means the Certificate Regarding Use of Proceeds, dated as of the Closing Date, with respect to certain Development Costs, executed by the Borrower delivered to the Authority by the Borrower.

“**CDLAC**” has the meaning given to it in the recitals hereto.

“**CDLAC Resolution**” means, Resolution No. 23-203 adopted by CDLAC on August 23, 2023, awarding an aggregate allocation of \$47,111,000 to the Project and the Tax-Exempt Bonds, as such resolution may be modified or amended from time to time.

“**Certificate of Continuing Program Compliance**” means the certificate with respect to the Project to be filed by the Borrower with the Authority, which shall be substantially in the form attached hereto as Appendix B.

“**Closing Date**” means the date of delivery of the Bonds.

“**Code**” has the meaning given to it in the recitals hereto.

“**Completion Date**” has the meaning given to it in the Loan Agreement.

“**Conversion Date**” has the meaning given to it in the Loan Agreement.

“**Development**” means, collectively, (a) the Development Site, (b) all buildings, improvements, fixtures, machinery and equipment thereon, excluding any commercial space and associated improvements, fixtures, machinery and equipment included therein, and (c) all additions, modifications, improvements, replacements and substitutions to the Development Site or the items described in clause (b), above.

“**Development Costs**” mean to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, construction and equipping of the Project, whether paid or incurred prior to or after the 60th day preceding the Inducement Date, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the

costs of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Bond Counsel.

“Development Facilities” mean the buildings, structures and other improvements on the Development Site that are being financed with proceeds of the Bonds, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements.

“Development Site” means all of the real estate described in Exhibit A hereto, and all rights and appurtenances appertaining thereto.

“Event of Default” has the meaning given to it in Section 15 hereof.

“Income Certification” means the Income Computation and Certification Form in substantially the form attached hereto as Appendix C.

“Indenture” means the Trust Indenture, dated as of February 1, 2024, between the Authority and Trustee, pursuant to which the Bonds have been issued, as amended or supplemented from time to time.

“Inducement Date” means April 6, 2023, with respect to the Authority’s declaration of intent to issue tax-exempt multifamily housing revenue bonds.

“Investor Limited Partner” has the meaning given to it under Section 10 hereof.

“Loan” has the meaning given to it in the recitals hereto.

“Loan Agreement” means the Construction and Term Loan Agreement, dated as of February 1, 2024, by and among the Authority, Borrower and Banner Bank, as “Majority Owner” and “Servicer” (as such terms are defined in the Indenture), as amended, supplemented or restated from time to time.

“Low Income Tenants” means individuals or families with an Adjusted Income that does not exceed 60% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) defines a student as an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	Adjustment
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

"Low Income Units" means the dwelling units in the Project designated for occupancy by Low Income Tenants pursuant to Section 4(a) of this Regulatory Agreement.

"Majority Owner" means Banner Bank and any successor entity serving in such capacity under the Indenture.

"Median Income for the Area" means the median gross income for the Area as most recently determined by the Secretary of Treasury pursuant to Section 142(d)(2)(B) of the Code.

"Mortgage" has the meaning given to it in the Indenture.

"Other Development" has the meaning given in the recitals of this Regulatory Agreement including, collectively, (a) the site(s) of such Other Development, (b) all buildings, improvements, fixtures, machinery and equipment thereon, excluding any commercial space and associated improvements, fixtures, machinery and equipment included therein, and (c) all additions and improvements to, and all modifications, replacements and substitutions of, the site(s) of the Other Development or the items described in clause (b), above.

"Other Development Costs" means the amounts described in the definition of "Development Costs" as they pertain to the Other Development (rather than to the Development).

"Other Regulatory Agreement" means, collectively, the Regulatory Agreement and Declaration of Restrictive Covenants (4050 and 4102-4122 University) and Regulatory Agreement and Declaration of Restrictive Covenants (3951 University Avenue), each dated as of February 1, 2024, by and between the Governmental Lender and the Borrower, relating to the Other Development.

"Project" has the meaning given to it in the recitals hereto.

"Qualified Development Costs" means costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to a capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with Regulations section 1.103-8(a)(1), provided, however, that only such portion of interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Development Costs bear to all Development Costs; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (within the meaning of the Code) (whether as a general contractor or a subcontractor), Qualified Development Costs shall include only (A) the actual out-

of-pocket costs incurred by such Affiliate in constructing or rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliate, and (C) any overhead expenses incurred by the Affiliate that are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the Inducement Date or the date of issue of the Bonds, and (iv) if the Development Costs were previously paid and are to be reimbursed with proceeds of the Bonds such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of Regulations section 1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of construction of the Project that do not exceed 20% of the aggregate issue price of the Bonds (as defined in Regulations section 1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid).

“Qualified Project Period” means the period beginning on the first day on which at least 10% of the dwelling units in the Project are first occupied and ending on the later of (a) the date that is 55 years after the date on which 50% of the dwelling units in the Project are occupied, (b) the first day on which no tax exempt bonds or notes with respect to the Project are outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.

“Regulations” means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time.

“Taxable Bonds” has the meaning given to it in the recitals hereto.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Tax-Exempt Bonds, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“Tax-Exempt Bonds” has the meaning given to it in the recitals hereto.

“Trustee” means U.S. Bank Trust Company, National Association.

“Very Low Income Tenants” means individuals or families with an Adjusted Income that does not exceed 50% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Very Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) defines a student as an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of

students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

<u>Household Size</u>	<u>Adjustment</u>
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

“Very Low Income Units” means the dwelling units in the Project designated for occupancy by Very Low Income Tenants pursuant to Section 4(j) of this Regulatory Agreement.

Capitalized terms that are not defined herein shall have the meanings assigned to them in the Indenture.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2. Acquisition, Construction and Equipping of the Project. The Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Borrower has incurred a substantial binding obligation to acquire, construct and equip the Project, pursuant to which the Borrower is obligated to expend at least 5% of the aggregate net sale proceeds of the Tax-Exempt Bonds.

(b) The Borrower’s reasonable expectations respecting the total cost of the acquisition, construction and equipping of the Project and the disbursement of Tax-Exempt Bond proceeds are accurately set forth in the Borrower’s Tax Certificate that has been delivered to the Authority.

(c) The Borrower will proceed with due diligence to complete the acquisition, construction and equipping of the Project and expects to expend the full amount of the proceeds

of the Tax-Exempt Loan for Development Costs and Other Development Costs prior to the date that is three years after the Closing Date.

(d) The statements made in the various certificates delivered by the Borrower to the Authority or Majority Owner are true and correct as of the Closing Date.

(e) The Borrower (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to the requirements of the Indenture, the Loan Agreement or this Regulatory Agreement.

(f) The Borrower shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including, if applicable, the requirements for providing notices in Sections (b), (c), (d) and (e) thereof.

Section 3. Residential Rental Property. The Borrower hereby acknowledges and agrees that the Development will be owned, managed and operated as a "qualified residential rental project" (within the meaning of Section 142(d) of the Code) until the expiration of the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Development is being acquired, constructed and equipped for the purpose of providing multifamily residential rental property, and the Borrower shall own, manage and operate the Development as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Development from time to time.

(b) All of the dwelling units in the Development will be similarly constructed units, and, to the extent required by the Code and the Regulations, each dwelling unit in the Development will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink; provided that any tenant may, but shall not be obligated to, provide a refrigerator for the unit to be occupied.

(c) None of the dwelling units in the Development will at any time be utilized on a transient basis, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park; provided that the use of certain units for tenant guests on an intermittent non-compensated basis shall not be considered transient use for purposes of this Regulatory Agreement.

(d) No part of the Development will at any time be owned or used as a condominium or by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Development and a Final Subdivision Public Report from the California Department of Real Estate, the Borrower has not and shall not take any steps in connection with a conversion of the Development to a condominium or cooperative ownership except with the prior written approving

opinion of Bond Counsel that by reason of any such action the interest on the Tax-Exempt Bonds (if it is outstanding) will not become includable in gross income for federal income tax purposes.

(e) All of the dwelling units (except for the manager's unit described in (g) below) will be available for rental on a continuous basis to members of the general public, and the Borrower has not given and will not give preference to any particular class or group in renting the dwelling units in the Development, except to the extent that dwelling units are required to be leased or rented to Low Income Tenants, Very Low Income Tenants, or holders of Section 8 certificates or vouchers and except as otherwise required pursuant to an agreement entered into with a public entity; provided that in no event shall the Borrower give any preference in violation of the Code.

(f) The Development Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Development Facilities will comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Development.

(g) No dwelling unit in any building in the Development shall be occupied by the Borrower unless the building contains five or more dwelling units, in which case one unit may be occupied by the Borrower or by persons related to or affiliated with the Borrower such as a resident manager or maintenance personnel. Subject to the foregoing limitation, up to a total of one unit in the Development may be occupied by a resident manager or maintenance personnel.

(h) Should involuntary noncompliance with the provisions of section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the Regulations, it will either prepay the Tax-Exempt Loan and cause the Tax-Exempt Bonds to be redeemed or apply any proceeds received as a result of any of the preceding events to reconstruct the Development to meet the requirements of Section 142(d) of the Code and the Regulations.

(i) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, sexual preference, source of income (e.g. TANF, SSI), mental or physical disability, age, national origin or marital status in the rental, lease, use or occupancy of the Development or in connection with the employment or application for employment of persons for the operation and management of the Development.

(j) Following the expiration or termination of the Qualified Project Period, Low Income Units and Very Low Income Units shall remain available to the Low Income Tenants and Very Low Income Tenants, respectively, then occupying such units at the date of expiration or termination of the Qualified Project Period at a rent not greater than the rent determined pursuant to Sections 4(a) and 4(j) below, as applicable, until the earliest of any of the following occurs:

(i) The household's income exceeds 140% of the income at which such household would qualify as a Low Income Tenant or a Very Low Income Tenant.

(ii) The household voluntarily moves or is evicted for "good cause." For these purposes, "good cause" means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the lease agreement

that detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project.

(iii) Fifty-five (55) years after the date on which 50% of the dwelling units in the Project are occupied.

(iv) The Borrower pays the relocation assistance and benefits to such Low Income Tenants or Very Low Income Tenants, as provided in Section 7264(b) of the Government Code of the State of California.

(k) The Authority may but shall not be required to monitor the Borrower's compliance with the provisions of subparagraph (j) above.

Section 4. Low Income Units. Pursuant to the requirements of Section 142(d) of the Code and applicable provisions of the Act, the Borrower hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:

(a) During the Qualified Project Period, not less than 40% of the units in the Development shall be designated as Low Income Units and shall be continuously occupied by or held available for occupancy by Low Income Tenants at monthly rents that do not exceed one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income for the Area, as adjusted for household size utilizing the percentages set forth above under the definition of Low Income Tenant less a reasonable deduction for utilities paid by the tenant as determined by the Authority and assuming (solely for purposes of the above-described limit on the amount of monthly rent, and not for purposes of determining whether individuals or families are Low Income Tenants for purposes of Section 142(d) of the Code) the following unit sizes and household sizes (collectively, the "**Assumed Unit and Household Sizes**"):

<u>Unit Size</u>	<u>Household Size</u>
Studio	One Person
One-Bedroom	Two Persons
Two-Bedroom	Three Persons
Three-Bedroom	Four Persons

Such Low Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units that are available to other tenants and shall be distributed throughout the Development.

A unit occupied by a Low Income Tenant who, at the commencement of the occupancy, is a Low Income Tenant shall be treated as occupied by a Low Income Tenant until a recertification of such tenant's income in accordance with Section 4(c) below demonstrates that such tenant no longer qualifies as a Low Income Tenant and thereafter such unit shall be treated as any residential unit of comparable or smaller size in the Development occupied by a new resident other than a Low Income Tenant. Moreover, a unit previously occupied by a Low Income Tenant and then vacated shall be considered occupied by a Low Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be re-determined. In no event shall such temporary period exceed thirty-one (31) days.

(b) Immediately prior to a Low Income Tenant's occupancy of a Low Income Unit, the Borrower will obtain and maintain on file an Income Certification from each Low Income Tenant occupying a Low Income Unit, dated immediately prior to the initial occupancy of such Low Income

Tenant in the Development. In addition, the Borrower will provide such further information as may be required in the future by the State of California, the Authority, the Act, Section 142(d) of the Code and the Regulations, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. The Borrower shall verify that the income provided by an applicant is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a federal income tax return for the most recent tax year, (2) obtain a written verification of income and employment from the applicant's current employer, (3) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income satisfactory to the Authority or (4) such other information as may be reasonably requested by the Authority.

Copies of the most recent Income Certifications for Low Income Tenants shall be attached to the annual report to be filed with the Authority as required in (d) below.

(c) Immediately prior to the first anniversary date of the occupancy of a Low Income Unit by one or more Low Income Tenants, and on each anniversary date thereafter, the Borrower shall recertify the income of the occupants of each Low Income Unit by obtaining a completed Income Certification based upon the current income of each occupant of the unit. In the event the recertification demonstrates that such household's income exceeds 140% of the income at which such household would qualify as Low Income Tenants, such household will no longer qualify as Low Income Tenants and, to the extent necessary to comply with the requirements of Section 4(a) above, the Borrower will rent the next available unit of comparable or smaller size to one or more Low Income Tenants.

(d) Upon commencement of the Qualified Project Period, and not less than annually thereafter during the term of this Regulatory Agreement, the Borrower shall advise the Authority of the status of the occupancy of the Development by delivering to the Authority a Certificate of Continuing Program Compliance.

(e) The Borrower shall maintain complete and accurate records pertaining to the Low Income Units, and shall permit any duly authorized representative of the Authority, Majority Owner, Department of the Treasury or Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Development, including those records pertaining to the occupancy of the Low Income Units.

(f) The Borrower shall submit to the Secretary of the Treasury annually on the anniversary date of the start of the Qualified Project Period, or such other date as is required by the Secretary, a certification that the Development continues to meet the requirements of Section 142(d) of the Code, and shall provide a copy of such certification to the Authority.

(g) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. The Borrower shall not collect any additional fees or payments from a Low Income Tenant except security deposits or other deposits required of all tenants. The Borrower shall not collect security deposits or other deposits from a Section 8 certificate or voucher holder in excess of those allowed under the Section 8 Program. The Borrower shall not discriminate against applicants for Low Income Units

on the basis of source of income (i.e., TANF or SSI), and the Borrower shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (ability to pay shall be demonstrated if an applicant can show that the same percentage or more of the applicant's income has been paid for rent in the past as will be required to be paid for the rent applicable to the Low Income Unit to be occupied, provided that such Low Income Tenant's expenses have not materially increased).

(h) Each lease pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the applicant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease will also contain a provision that failure to cooperate with the annual recertification process reasonably instituted by the Borrower pursuant to Section 4(c) above may, at the option of the Borrower, disqualify the unit as a Low Income Unit, or provide grounds for termination of the lease.

(i) Prior to the Closing Date, the Borrower agrees to provide to the Authority a copy of the form of application and lease to be provided to prospective Low Income Tenants. The term of the lease shall be not less than 30 days.

(j) In addition to the requirements set forth in Section 4(a), the Authority shall require that not less than 8 of the units in the Development shall be Very Low Income Units and shall be rented to, or made available for rental to, Very Low Income Tenants on the same terms and conditions, and subject to the same requirements, as are set forth in this Section 4 with respect to the Low Income Units, except that monthly rents shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area, adjusted as provided in Section 4(a) above.

Section 5. Tax Status of the Bonds. The Borrower and the Authority each hereby represents, as of the date hereof, and warrants, covenants and agrees that:

(a) It will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes or the exemption from California personal income taxation of the interest on the Tax-Exempt Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof;

(b) It will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Authority and Majority Owner, to comply fully with the Act and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 142(d) of the Code to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds; and

(c) The Borrower, at the Borrower's expense, will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Authority and Majority Owner, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Development, including, but not

limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of San Diego.

(d) The Borrower will not enter into any agreements that would result in the payment of principal of or interest on the Tax-Exempt Bonds being “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) The Borrower hereby reaffirms the arbitrage certifications made by it in the Certificate as to Arbitrage executed in connection with the Tax-Exempt Bonds, and such certifications are hereby incorporated herein as covenants of the Borrower by this reference.

(f) The Borrower hereby agrees to comply with the requirements of Section 148(f) of the Code and to rebate excess investment earnings to the federal government.

(g) The Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Development to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

(h) The Borrower shall assure that the proceeds of the Tax-Exempt Bonds are used in a manner such that the Tax-Exempt Bonds will satisfy the requirements of section 142(d) of the Code relating to qualified residential rental projects.

(i) The Tax-Exempt Bonds upon issuance and delivery shall be considered “private activity bonds” within the meaning of the Code with respect to which CDLAC has transferred a portion of the State of California’s private activity bond allocation (within the meaning of section 146 of the Code) equal to the principal amount of the Tax-Exempt Bonds.

(j) The Authority and the Borrower covenant that not less than 95% of the net proceeds of the Tax-Exempt Bonds (within the meaning of section 150(a)(3) of the Code) will be paid for Qualified Development Costs.

(k) The Authority and the Borrower covenant that less than 25% of the proceeds of the Tax-Exempt Bonds shall be used, directly or indirectly, for the acquisition of land.

(l) The Authority and the Borrower covenant that no proceeds of the Tax-Exempt Bonds shall be used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Tax-Exempt Bonds shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Development 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 Development.

(m) The Borrower shall not take, or permit or suffer to be taken by the Majority Owner, Trustee or otherwise, any action with respect to the proceeds of the Tax-Exempt Bonds that, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code.

(n) In accordance with Section 147(b) of the Code, the average maturity of the Tax-Exempt Bonds does not exceed 120% of the average reasonably expected economic life of the facilities being financed by the Tax-Exempt Bonds.

(o) The Authority and the Borrower covenant that, from the proceeds of the Tax-Exempt Bonds and investment earnings thereon, an amount not in excess of two percent (2%) of the proceeds of the Tax-Exempt Bonds, will be used for costs of issuance of the Tax-Exempt Bonds, all within the meaning of section 147(g)(1) of the Code. For this purpose, if the fees of the Agent and the Holder are retained as a discount on the purchase of the Tax-Exempt Bonds, such retention shall be deemed to be an expenditure of proceeds of the Tax-Exempt Bonds for said fees.

(p) The proceeds of the Tax-Exempt Bonds will be allocated to expenses actually paid with proceeds of the Tax-Exempt Bonds unless, prior to the date that is the later of 18 months (i) after the expenditure is paid, or (ii) after the Project financed with proceeds of the Tax-Exempt Bonds is placed in service, the Borrower makes a different allocation of such expenditures to different contemporaneous purposes. In any event, such alternative allocation must occur no later than 60 days after the fifth anniversary of the Closing Date (or 60 days after the retirement of the Tax-Exempt Bonds if earlier).

(q) The Authority and the Borrower covenant that no proceeds of the Tax-Exempt Bonds shall be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in section 147(d)(3) of the Code, "**Rehabilitation Expenses**") with respect to such building equal or exceed 15% of the portion of the cost of acquiring such building (and equipment) financed with proceeds of the Tax-Exempt Bonds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if Rehabilitation Expenditures with respect to such structure equal or exceed 100% of the portion of the cost of acquiring such structure financed with the proceeds of the Tax-Exempt Bonds. In compliance with this provision, within two years after the later of the date of the Borrower's acquisition of the Project or the date of the issuance of the Tax-Exempt Bonds, the Borrower will make Rehabilitation Expenditures in an amount equal to or greater than 15% of the amount of proceeds of the Tax-Exempt Bonds used to acquire any existing buildings and related equipment which are part of the Project.

(r) The Borrower covenants that neither it nor any related party (as used in section 1.148-1(b) of the Regulations) shall acquire any of the Tax-Exempt Bonds so long as the Borrower is the obligor on the Tax-Exempt Bonds.

(s) If a reissuance of the Tax-Exempt Bonds occurs and the Authority is not involved, for example by consenting to any changes in the documents or actions of the parties and executing an IRS Form 8038, the interest on the reissued obligations will not be excluded from gross income for federal income tax purposes and may not be treated as governmental obligations.

The Borrower hereby covenants to notify any subsequent owner of the Development of the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Development to another person to the end that such transferee has notice of such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided that the covenants

contained in this paragraph shall not apply to the Majority Owner or its designee should the Majority Owner or its designee become the owner of the Development by foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan Documents.

Section 6. Modification of Special Tax Covenants. The Borrower and the Authority hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Authority and Majority Owner, impose requirements upon the ownership or operation of the Development more restrictive than those imposed by this Regulatory Agreement that must be complied with in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Authority, Trustee and Borrower, impose requirements upon the ownership or operation of the Development less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment approved and signed by the Authority and Borrower, approved by the Majority Owner, and approved by the written opinion of Bond Counsel that such amendment will not affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

(c) The Borrower and the Authority shall execute, deliver and, if applicable, file of record any and all documents and instruments, necessary to effectuate the intent of this Section 6, and the Borrower appoints the Authority as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the Borrower defaults in the performance of its obligations under this subsection (c); provided, however, that the Authority shall take no action under this subsection (c) without first notifying the Borrower and the Majority Owner.

Section 7. Indemnification. The Borrower hereby releases the Authority, Majority Owner and Trustee and their respective officers and employees from, and covenants and agrees to indemnify, hold harmless and defend the Authority, Majority Owner and Trustee and their respective officers, members, directors, officials, agents and employees and each of them (collectively, the "**Indemnified Parties**" and individually, an "**Indemnified Party**") from and against, any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint or several (including, without limitation, actual and reasonable out-of-pocket costs of investigation, reasonable attorneys' fees, actual out-of-pocket litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), made directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Development, Bonds, or execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Development, the making of the Loan or otherwise; (c) arising from any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Loan or the Development; (d) arising in connection with the issuance and sale, resale or reissuance of the Bonds or any certifications or representations made by any person (other than the Authority or the party seeking indemnification in connection therewith) or the carrying out by the Borrower of any of the

transactions contemplated by the Bonds, the Indenture, the Loan Agreement or this Regulatory Agreement; (e) arising in connection with the operation of the Development, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, construction or equipping of, the Development or any part thereof; and (f) arising out of or in connection with the Majority Owner's or Trustee's exercise of their respective powers or duties under the Loan Agreement, this Regulatory Agreement or the Indenture, as applicable, or any other related agreements to which the Majority Owner, or Trustee are a party; except (1) in the case of the foregoing indemnification of the Majority Owner or Trustee or any of their respective officers, members, directors, agents and employees, to the extent such damages are caused by the gross negligence or willful misconduct of such person and (2) in the case of the foregoing indemnification of the Authority or any of its officers, members, directors, officials, agents and employees, to the extent such damages are caused by the willful misconduct of such person.

This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses and liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim, except (i) in the case of the foregoing indemnification of the Majority Owner or Trustee or any of their respective Indemnified Parties to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party, and (ii) in the case of the foregoing indemnification of the Authority or any of its Indemnified Parties to the extent such damages are caused by the willful misconduct of such Indemnified Party.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party and approved by the Borrower (which approval shall not be unreasonably withheld); and the Borrower shall assume the payment of all actual and reasonable fees and expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Authority shall have the right to review and approve or disapprove any such compromise or settlement. The Borrower specifically acknowledges and agrees that it has an immediate and independent obligation to defend each Indemnified Party from any claim that actually or potentially falls within this Section 7 even if such claim is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to the Borrower by any Indemnified Party and continues at all times thereafter. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the actual and reasonable fees and expenses of such separate counsel; provided, however, that unless such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, the Borrower shall not be required to pay the fees and expenses of such separate counsel unless the Indemnified Party reasonably determines that a conflict exists between the interests of the Borrower and such Indemnified Party, in which case the Borrower shall pay the actual and reasonable fees and expenses of such separate counsel.

The Borrower also shall pay and discharge and shall indemnify and hold harmless the Authority, Majority Owner and Trustee from (i) any lien or charge upon payments by the Borrower to the Authority, Majority Owner and Trustee hereunder arising out of Borrower's actions or inactions and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Development. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Authority shall give prompt notice to the Borrower, and as between the Authority and Borrower, the Borrower shall

have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion.

Notwithstanding any transfer of the Development to another owner in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall remain obligated to indemnify the Indemnified Parties pursuant to this Section 7 for all claims arising from events occurring prior to such transfer, unless at the time of transfer the Authority has consented to indemnification under this Section 7 from such subsequent owner for all claims arising from events occurring prior to such transfer. If the Authority has consented to any transfer of the Development in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall not be obligated to indemnify the Indemnified Parties pursuant to this Section 7 for actions or inactions of the transferee arising after such transfer, but shall remain obligated to provide indemnity for claims related to actions or inactions occurring prior to such transfer.

In addition to the foregoing, the Borrower will pay upon demand all of the fees and expenses paid or incurred by the Majority Owner, Trustee or Authority in enforcing the provisions hereof.

The provisions of this Section 7 shall survive the term of the Bonds and this Regulatory Agreement.

The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Indemnified Parties, and the obligation of the Borrower to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower. The Indemnified Parties shall be entitled simultaneously to seek indemnity under this Section and any other provision under which they are entitled to indemnity.

All obligations of the Borrower under this Regulatory Agreement for the payment of money, including claims for indemnification and damages, shall not be secured by or in any manner constitute a lien on the Development, and none of the Authority, the Majority Owner or the Trustee shall have the right to enforce such obligations other than directly against the Borrower pursuant to Section 17 of this Regulatory Agreement.

The indemnity provided under this Section 7 shall not require payment of principal or interest on the Loan.

Section 8. Consideration. The Authority has issued the Bonds to make the Loan, to finance the Development, all for the purpose, among others, of inducing the Borrower to acquire, construct, equip and operate the Development. In consideration of the issuance of the Bonds by the Authority, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Development can be put on the terms and conditions set forth herein.

Section 9. Reliance. The Authority and the Borrower hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, and in the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds and the exemption from California personal income taxation of the interest on the Bonds. In performing its duties and obligations hereunder, the Authority may rely upon statements and certificates of the Borrower, the Low Income Tenants and Very Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Development. In addition, the Authority may consult

with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Authority, Majority Owner and Trustee under this Regulatory Agreement in good faith and in conformity with such opinion; provided, however, if there are conflicting opinions among the counsel selected by such parties, the opinion of Bond Counsel shall govern the interpretation and enforcement of this Regulatory Agreement.

Section 10. Sale or Transfer of the Development; Syndication. The Borrower intends to hold the Development for its own account, has no current plans to sell, transfer or otherwise dispose of the Development, and hereby covenants and agrees not to sell, transfer or otherwise dispose of the Development, or any portion thereof (other than for individual tenant use as contemplated hereunder), without obtaining the prior written consent of the Authority (except as otherwise provided in this Section 10) and receipt by the Authority (except as otherwise provided in this Section 10) of (i) such certifications as deemed necessary by the Authority to establish that the Borrower shall not be in default under this Regulatory Agreement or under the Loan Agreement or, if any such defaults exist, the purchaser or assignee undertakes to cure such defaults to the satisfaction of the Authority; (ii) a written instrument by which the Borrower's purchaser or transferee has assumed in writing and in full the Borrower's duties and obligations under this Regulatory Agreement, (iii) an opinion of counsel for the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iv) documentation from the transferee reflecting the transferee's experience or, should the transferee choose to have a property manager run the Development, a property manager's experience with owning and/or operating multifamily housing projects such as the Development and with use and occupancy restrictions similar to those contained in this Regulatory Agreement, (v) evidence of satisfaction of compliance with the provisions of Section 27(d)(i) related to notice to CDLAC of transfer of the Development and (vi) an opinion of Bond Counsel addressed to the Authority to the effect that such transfer will not cause interest on the Tax-Exempt Bonds to become includable in the gross income of the recipients thereof for federal income tax purposes.

No transfer of the Development shall operate to release the Borrower from its obligations under this Regulatory Agreement with respect to any action or inaction taken prior to such transfer. Nothing contained in this Section 10 shall affect any provision of the Loan Documents to which the Borrower is a party that requires the Borrower to obtain the consent of the Majority Owner as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Development or of any direct or indirect interest in the Borrower or that gives the Majority Owner the right to accelerate the maturity of the Loan under the Loan Agreement, or to take some other similar action with respect to the Loan, upon the sale, transfer or other disposition of the Development. Notwithstanding anything contained in this Section 10 to the contrary, neither the consent of the Authority nor the delivery of items (i) through (vi) of the preceding paragraph shall be required in the case of a foreclosure or deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Mortgage), whereby the Majority Owner or any of its designees, or a third-party purchaser from the Majority Owner or any of its designees becomes the owner of the Development, and nothing contained in this Section 10 shall otherwise affect the right of the Majority Owner or any of its designees, or any such third-party purchaser, to foreclose on the Development or to accept a deed in lieu of foreclosure. Delivery of items (i) through (vi) (or, if the Bonds are no longer outstanding, (i) through (v)) of the preceding paragraph and, while the Bonds are outstanding, consent of the Authority (which consent shall not be unreasonably withheld) shall be required for any future transfer of the Development to be made subsequent to any transfer described in the preceding sentence.

It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Development in violation of this Section 10 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Not less than 30 days prior to consummating any sale, transfer or disposition of any interest in the Development, the Borrower shall deliver to the Authority, Majority Owner and Trustee a notice in writing explaining the nature of the proposed transfer.

Notwithstanding the above, the Issuer hereby approves (a) the transfer of limited partnership interests in the Borrower to affiliates of U.S. Bancorp Community Development Corporation, a Minnesota corporation, or its successors and assigns (the “**Investor Limited Partner**”) of the Borrower, including, without limitation and the transfer of partnership interests in the Borrower from the Investor Limited Partner; (b) the withdrawal of any partner of the Borrower under the Borrower’s amended and restated partnership agreement (the “**Partnership Agreement**”); (c) any other transfer of interests pursuant to the provisions of the Partnership Agreement as in effect from time to time, including but not limited to the removal of a general partner of the Borrower and replacement thereof by an affiliate of any partner of the Borrower; and (d) the grant by the Borrower and exercise of an option and/or right of first refusal by the general partner or an affiliate thereof in accordance with the Partnership Agreement.

Section 11. Term. Except as provided in Section 3(j) and Section 7 above, which provisions shall continue beyond the Qualified Project Period, and, except as provided in the second paragraph of this Section 11, this Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect during the Qualified Project Period, or for such longer period as is provided in Sections 3(j) and 7 above, and in the CDLAC Resolution referred to in Section 27 below, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds and expiration of the Indenture, Loan Agreement and Loan. Notwithstanding any other provisions of this Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or sections hereof, may be terminated prior to the expiration of the Qualified Project Period upon agreement by the Authority, Majority Owner, (if any Bonds are outstanding) and Borrower only if there shall have been received by the Authority and the Majority Owner an opinion of Bond Counsel that such termination will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds or the exemption from State personal income taxation of the interest on the Bonds.

The terms of this Regulatory Agreement to the contrary notwithstanding (except as to the provisions of Section 7), this Regulatory Agreement, and each and all of the terms hereof, shall automatically terminate and be of no further force or effect in the event of (i) an involuntary noncompliance by the Borrower with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date that prevents the Authority from enforcing the provisions of this Regulatory Agreement, or (ii) foreclosure on the Development or delivery of a deed in lieu of foreclosure (including, without limitation, a foreclosure or transfer of title by deed in lieu thereof pursuant to the Mortgage) or condemnation or a similar event, but only if within a reasonable period thereafter the Bonds are redeemed or retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Code set forth in this Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure on the Development or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any Affiliate obtains an ownership interest in the Development for federal income tax purposes. The parties hereto mutually intend the previous

sentence to be interpreted in accordance with the minimum requirements of section 1.103-8(b)(6) of the Regulations.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms. Borrower agrees that the reasonable fees and costs of the Authority, Majority Owner and Trustee and their respective legal counsel in connection with the termination of this Regulatory Agreement shall be paid by the Borrower.

Section 12. Covenants to Run with the Land. The Borrower hereby subjects the Development Site to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Authority and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Development; 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 Development or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 13. Burden and Benefit. The Authority and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Development is rendered less valuable thereby. The Authority and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Development by Low Income Tenants and Very Low Income Tenants and by furthering the public purposes for which the Bonds were issued.

Section 14. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Development in order to establish and carry out a common plan for the use, development and improvement of the Development Site.

Section 15. Enforcement. If the Borrower defaults in the performance or observance of any of its covenants, agreements or obligations set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given (i) by the Authority to the Borrower, Trustee, the Investor Limited Partner or (ii) by the Majority Owner to the Authority, the Investor Limited Partner, and the Borrower (provided, however, that the Authority may at its sole option extend such period if the Borrower provides the Authority and Majority Owner with an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds (if outstanding)), then the Authority may declare an "**Event of Default**" to have occurred hereunder and shall provide written notice thereof to the Borrower and Majority Owner, as applicable, and, at the Authority's option, may take any one or more of the following steps:

- (i) by mandamus or other suit, action or proceeding at law or in equity, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Development;

(iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder; or

(iv) with the consent of the Majority Owner, which consent shall be within the Majority Owner's sole and absolute discretion, declare a default under the Loan Agreement, as applicable, and proceed with any remedies provided therein.

The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the Authority may fully obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower.

The Trustee shall have the right, in accordance with this Section 15 and subject to the applicable provisions of the Indenture, without the consent or approval of the Authority, but with the consent of the Majority Owner, which consent shall not be unreasonably withheld, to exercise any or all of the rights or remedies of the Authority hereunder; provided that prior to taking any such act, the Majority Owner shall give the Authority written notice of its intended action. After the Indenture has been discharged, the Authority may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Trustee. All fees, costs and expenses of the Majority Owner (including, without limitation, reasonable attorneys' fees) incurred in taking any action pursuant to this Section 15 shall be the sole responsibility of the Borrower.

Notwithstanding anything contained in this Regulatory Agreement, the Indenture or the Loan Agreement to the contrary, the occurrence of an Event of Default shall not be deemed, under any circumstances whatsoever, to be a default under the Loan Documents except as may be otherwise specified, as applicable, in the Loan Documents.

The rights of the Majority Owner under this Section are in addition to all rights conferred upon the Majority Owner under the Indenture and other Loan Documents (as defined in the Indenture), and in no way limit those rights. No breach of any of the provisions of this Regulatory Agreement shall impair, defeat or render invalid the lien of the Mortgage.

The Authority agrees that cure of any 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. Notwithstanding anything to the contrary contained herein, the Investor Limited Partner shall have the right, but not the obligation, to cure an Event of Default hereunder.

Section 16. Recording and Filing. The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto to be recorded and filed in the real property records of the County of San Diego and in such other places as the Authority and Majority Owner may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

Section 17. Payment of Fees. The Borrower shall pay to the Authority the issuance and annual (ongoing) Authority Fee on the dates and in the amounts set forth in the definition thereof. Notwithstanding any prepayment of the Loan or any discharge of the Indenture, except as set forth in the following paragraph, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay to the Authority the Authority Fee, and, following the occurrence of an Event of Default, to the Authority and Majority Owner reasonable compensation for any services rendered by any of them hereunder and reimbursement for all expenses reasonably incurred by any of them as a result of such Event of Default. The Authority Fee referenced in this section shall in no way limit amounts payable by the Borrower under Section 7 hereof, or arising after an Event of Default in connection with the Authority's or Majority Owner's enforcement of the provisions of this Regulatory Agreement.

In the event that the Bonds are prepaid in part or in full prior to the end of the term of this Regulatory Agreement, the Authority Fee for the remainder of the term of this Regulatory Agreement, at the option of the Authority, shall continue to be payable to the Authority for the number of years remaining under the Regulatory Agreement. At the option of the Authority, the Authority Fee shall be paid by the Borrower at the time of the prepayment of the Bonds and shall be a lump sum amount equal to the present value (based on a discount rate equal to the combined yield on the Bonds, as determined by the Authority at the time of prepayment) of the Authority Fee, calculated based on the amount of the Bonds outstanding immediately preceding such prepayment, for the number of years remaining in the Qualified Project Period under this Regulatory Agreement.

During any period that the Majority Owner or any of its respective agents owns the Development, it shall be responsible to make payments under this Section 17 accruing during such period. The Majority Owner shall not be liable for the payment of any compensation or any fees, costs, expenses or penalties otherwise payable for any period of time that it was not or is not the owner of the Development.

It is acknowledged and agreed that only one Authority Issuance Fee and Authority Annual Fee shall be payable with respect to the Funding Loan Notes and, accordingly, it is agreed that any amounts paid in respect of the "Authority Issuance Fee" and the "Authority Annual Fee" under the Other Regulatory Agreement shall be credited against the Authority Issuance Fee and the Authority Annual Fee, respectively, payable under this Regulatory Agreement.

Section 18. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California.

Section 19. Amendments. Except as provided in Sections 6(a) and 27(e) hereof, this Regulatory Agreement shall be amended (i) only with the prior written consent of the Majority Owner and (ii) by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of San Diego. The parties hereto acknowledge that for so long as the Bonds are outstanding, the Trustee is a third-party beneficiary to this Regulatory Agreement. Any amendment to this Regulatory Agreement shall be accompanied by an opinion of Bond Counsel to the effect that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

Section 20. Notice. All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the date personally delivered or on the third business day

following the date on which the same have been mailed by certified mail, return receipt requested, postage prepaid and addressed as follows:

The Trustee:	U.S. Bank Trust Company, National Association 633 W. Fifth Street, 24th Floor Los Angeles, California 90071 Attention: Global Corporate Trust Reference: Cuatro at City Heights
The Authority:	San Diego Housing Commission/Housing Finance 1122 Broadway, Suite 300 San Diego, California 92101 Attention: Vice President of Multifamily Housing Finance Facsimile: (619) 578-7356
with a copy to: (which shall not constitute notice to the Authority)	Office of the San Diego City Attorney 1200 Third Avenue, Suite 1620 San Diego, California 92101 Attention: Marguerite Middaugh Facsimile: (619) 236-7215
with a copy to: (which shall not constitute notice to the Authority)	Jones Hall, A Professional Law Corporation 475 Sansome Street, Suite 1700 San Francisco, California 94111 Attention: Josh D. Anzel, Esq. Facsimile: (415) 276-2088
The Majority Owner:	Banner Bank 5930 Granite Lake Drive, #170 Granite Bay, California 95746 Loan Nos. 14018431 and 14018432
with a copy to:	Davis Wright Tremaine LLP 865 S. Figueroa Street, Suite 2400 Los Angeles, California 90017 Attention: Tiffany Switzer, Esq.
The Borrower:	Cuatro at City Heights LP c/o Wakeland Housing and Development Corporation 1230 Columbia Street, Suite 950 San Diego, California 92101 Attention: President
with a copy to:	Goldfarb & Lipman LLP 1300 Clay Street, 11th Floor Oakland, California 4612 Attention: Heather Gould, Esq.

The Tax Credit Investor U.S. Bancorp Community Development Corporation
1307 Washington Avenue, Suite 300
Mail Code: SL RMCD
St. Louis, Missouri 63103
Project No. 30443
Attention: Director of LIHTC Asset Management

with a copy to: Kutak Rock LLP
1650 Farnam Street
Omaha, Nebraska 68102
Attention: Jill Goldstein, Esq.

If to CDLAC: California Debt Limit Allocation Committee
901 P Street, Room 110
Sacramento, California 95814
Attention: Executive Director

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent. Copies of notices sent by any party hereto shall be sent concurrently to the Trustee.

Section 21. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 22. Multiple Counterparts. This Regulatory Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 23. Compliance by Borrower. The Trustee shall not be responsible for monitoring or verifying compliance by the Borrower with its obligations under this Regulatory Agreement. The Borrower acknowledges and agrees to all provisions of the Indenture applicable to it, including, without limitation, Section 9.2 thereunder.

Section 24. General Obligation of Borrower; Limitations on Recourse to Borrower. Except as provided in Section 7 of this Regulatory Agreement, no subsequent owner of the Development shall be liable or obligated to pay damages for the breach or default of any obligation of or covenant by any prior owner (including the Borrower) under this Regulatory Agreement. Such obligations are the obligations of the person who was the owner at the time the default or breach was alleged to have occurred, and such owner shall remain liable for any and all damages occasioned thereby even after such person ceases to be the owner of the Development, and no person seeking such damages shall have recourse against the Development.

Section 25. Third-Party Beneficiaries. The parties to this Regulatory Agreement recognize and agree that the terms of this Regulatory Agreement and the enforcement of those terms are essential to the security of the owners of the Bonds and are entered into for their benefit. The Trustee, on behalf of the owners of the Bonds, shall have contractual rights in this Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly with the Authority, or to cause the Authority to enforce, the terms of this Regulatory Agreement. The Trustee is intended to be and shall be a third-party beneficiary of this Regulatory Agreement, and

the Trustee shall have the right (but not the obligation) to enforce the terms of this Regulatory Agreement insofar as this Regulatory Agreement sets forth obligations of the Borrower.

CDLAC is also intended to be and shall be a third-party beneficiary of this Regulatory Agreement to the limited extent that it shall be entitled to enforce, in accordance with Section 15 hereof, the terms of the CDLAC Resolution.

Section 26. Damage, Destruction or Condemnation of the Development. In the event that the Development is damaged or destroyed or title to the property, or any part thereof, is taken through the exercise or the threat of the exercise of the power of eminent domain, the Borrower shall comply with all applicable requirements of the other Loan Documents.

Section 27. CDLAC Requirements. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 and 5 hereof, the Borrower hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 27, as follows:

(a) The Borrower shall comply with the CDLAC Resolution, which is attached hereto as Appendix D, and the CDLAC Conditions set forth in Exhibit A thereto (collectively, the “**CDLAC Conditions**”), which conditions are incorporated herein by reference and made a part hereof. The Borrower will prepare and submit to the Authority:

(i) not later than February 1 of each year, until the Development is completed, and on February 1 every three years thereafter (such that the next succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Certification of Compliance II for Qualified Residential Rental Projects, in substantially the form attached hereto as Appendix E or otherwise required or provided by CDLAC from time to time after the date hereof (“**CDLAC Compliance Certificate**”), executed by an authorized representative of the Borrower; such CDLAC Compliance Certificate shall be prepared pursuant to the terms of the CDLAC Conditions;

(ii) a Certificate of Completion, in substantially the form attached hereto as Appendix F or otherwise required or provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Borrower certifying among other things to the substantial completion of the Development; and

(iii) not later than February 1 of every third year following the submission of the Certificate of Completion, until the later of the end of the Qualified Project Period or the period described in paragraph (c), below, a project status report, as required or provided by the California Tax Credit Allocation Committee or equivalent documentation required or otherwise provided by CDLAC from time to time after the date hereof, executed by an authorized representative of the Borrower.

Compliance with the terms of the CDLAC Conditions not contained within this Regulatory Agreement, but referred to in the CDLAC Conditions, are the responsibility of the Borrower to report to the Authority.

(b) The Borrower acknowledges that the Authority shall monitor the Borrower’s compliance with the terms of the CDLAC Conditions. The Borrower acknowledges that the Authority will prepare and submit to CDLAC, not later than March 1 of each year, until the Development is completed, and on March 1 every three years thereafter (such that the next

succeeding year shall be the beginning of each such three-year period) until the end of the Qualified Project Period, a Self-Certification Certificate in the form provided by CDLAC. The Borrower will cooperate fully with the Authority in connection with such monitoring and reporting requirements.

(c) Except as otherwise provided in Section 11 of this Regulatory Agreement, this Regulatory Agreement shall terminate on the date 55 years after the date on which at least fifty percent (50%) of the units in the Development are first occupied or otherwise after the commencement of the Qualified Project Period.

(d) The Borrower shall notify CDLAC in writing of: (i) any change in ownership of the Development; (ii) any change in the issuer of the Tax-Exempt Bonds; (iii) any change in the name of the Development or the property manager; (iv) any default under the Indenture, the Loan Agreement or this Regulatory Agreement, including, but not limited to, such defaults associated with the Tax-Exempt status of the Tax-Exempt Bonds, and the income and rental requirements as provided in Sections 4 and 5 hereof and the CDLAC Conditions; or (v) termination of this Regulatory Agreement.

(e) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Borrower after the Closing Date, at any time, that are not more restrictive than the original CDLAC Conditions; provided however, that, with the prior written consent of the Majority Owner, which will not be unreasonably withheld: (i) any changes in the terms and conditions of the CDLAC Conditions prior to the recordation against the Development in the real property records of the County of San Diego of a regulatory agreement between Borrower and the California Tax Credit Allocation Committee ("**TCAC Regulatory Agreement**") shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Borrower or the Development; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, 26 and/or 37 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by Borrower and approved by CDLAC. The Authority may, in its sole and absolute discretion, require the Borrower to enter into an amendment to this Regulatory Agreement reflecting the revised CDLAC Conditions, which amendment shall be executed by the parties hereto or their successor in title and duly recorded in the official real estate records of the County of San Diego. The Borrower shall pay any costs and expenses in connection therewith and provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

Any of the foregoing requirements of the CDLAC Conditions contained in this Section 27 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 27 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Authority has received an opinion of Bond Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes; and (ii) any requirement of this Section 27 shall be void and of no force and effect if the Authority and the Borrower receive a written opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Tax-Exempt Bonds to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other state or federal law.

Section 28. Annual Reporting Covenant. No later than January 31 of each calendar year (commencing January 31, 2025), the Borrower, on behalf of the Authority, agrees to provide to the California Debt and Investment Advisory Commission, by any method approved by the California Debt and Investment Advisory Commission, with a copy to the Authority, the annual report information required by Section 8855(k)(1) of the California Government Code. This covenant shall remain in effect until the later of the date (i) the Bonds are no longer Outstanding or (ii) the proceeds of the Bonds have been fully spent.

CUATRO AT CITY HEIGHTS LP,
a California limited partnership

By: Cuatro at City Heights LLC,
a California limited liability company
its managing general partner

By: Wakeland Housing and Development
Corporation, a California nonprofit public
benefit corporation, its sole member and
manager

By: _____
Peter Armstrong
Vice President of Real Estate
Development

[Notary Pages]

APPENDIX A

LEGAL DESCRIPTION

The estate or interest in the land described below and which is encumbered is:

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

[TO COME]

APPENDIX B

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned, _____, being duly authorized to execute this certificate on behalf of Cuatro at City Heights LP, a California limited partnership (the "Borrower"), hereby represents and warrants that:

1. The undersigned has read and is familiar with the provisions of the following documents associated with the Borrower's participation in the Housing Authority of the City of San Diego's (the "Authority") Multifamily Housing Revenue Bonds (Cuatro at City Heights) Series 2024C-1 and Multifamily Housing Revenue Bonds (Cuatro at City Heights) Series 2024C-2 (Taxable), such documents including:

(a) the Regulatory Agreement and Declaration of Restrictive Covenants (4050 El Cajon Boulevard) (the "Regulatory Agreement") dated as of February 1, 2024 by and between the Borrower and the Authority; and

(b) the Promissory Note (Tax-Exempt), dated February 1, 2024, from the Borrower to the Authority, and the Promissory Note (Taxable), dated February 1, 2024, from the Borrower to the Authority, representing the Borrower's obligation to repay the Loan.

2. As of the date of this certificate, the following percentages of residential units in the Development (i) are occupied by Very Low Income Tenants or Low Income Tenants (as such terms are defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Very Low Income Tenant or Low Income Tenant vacated such unit:

		Studio Units	One- Bedroom Units	Two- Bedroom Units	Three- Bedroom Units	Total
Occupied by Very Low Income Tenants:	% Unit Nos.:	_____	_____	_____	_____	_____
Held vacant for occupancy continuously since last occupied by a Very Low Income Tenant:	% Unit Nos.:	_____	_____	_____	_____	_____
Occupied by Low Income Tenants:	No. of Units:	_____	_____	_____	_____	_____
Held vacant for occupancy continuously since last occupied by a Low Income Tenant:	No. of Units:	_____	_____	_____	_____	_____

3. The Borrower hereby certifies that to the best of its knowledge the Borrower is not in default under any of the terms of the above documents and no event has occurred which, with the passage of time, would constitute an event of default thereunder, with the exception of the following [state actions being taken to remedy default].

CUATRO AT CITY HEIGHTS LP,
a California limited partnership

By: Cuatro at City Heights LLC,
a California limited liability company
its managing general partner

By: Wakeland Housing and Development
Corporation, a California nonprofit public
benefit corporation, its sole member and
manager

By: _____
Peter Armstrong
Vice President of Real Estate
Development

APPENDIX C

INCOME COMPUTATION AND CERTIFICATION

NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 CFR 5.609). You should make certain that this form is at all times up to date with the HUD Regulations. All capitalized terms used herein shall have the meaning set forth in the Regulatory Agreement.

Re: _____, San Diego, CA _____

I/We, the undersigned state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the above apartment project. Listed below are the names of all persons who intend to reside in the unit:

1 Name of Members of the Household	2 Relationship to Head of Household	3 Social Security Number	4 Age	5 Place of Employment
_____	HEAD	_____	_____	_____
_____	SPOUSE	_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____

Income Computation

6. The total anticipated income, calculated in accordance with this paragraph 6, of all persons (except children under 18 years) listed above for the 12-month period beginning the earlier of the date that I/we plan to move into a unit or sign a lease for a unit is \$_____.

Included in the total anticipated income listed above are:

(a) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;

(b) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;

(c) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (6)(b) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by the Department of Housing and Urban Development;

(d) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount except deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts;

(e) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay except lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (excluding payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay);

(f) Welfare assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

(1) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(2) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage;

(g) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(h) All regular pay, special pay and allowances of a member of the Armed Forces except the special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

Excluded from such anticipated income are:

(a) Income from employment of children (including foster children) under the age of 18 years;

(b) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);

(c) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses except payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;

(d) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

(e) Income of a live-in aide, as defined by 24 CFR §5.403;

(f) The full amount of student financial assistance paid directly to the student or to the educational institution;

(g) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

(h) (1) Amounts received under training programs funded by the Department of Housing and Urban Development;

(2) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(3) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(4) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the Public Housing Authority or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination. No resident may receive more than one such stipend during the same period of time;

(5) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(i) Temporary, nonrecurring or sporadic income (including gifts);

(j) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(k) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);

(l) Adoption assistance payments in excess of \$480 per adopted child;

(m) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.

(n) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;

(o) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(p) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR §5.609(c) apply.

7. Do the persons whose income or contributions are included in item 6 above

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)?

_____ Yes _____ No

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value?

_____ Yes _____ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000?

_____ Yes _____ No

(d) If the answer to (c) above is yes, state:

(1) the combined total value of all such assets: \$_____;

(2) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: \$_____, and

(3) the amount of such income, if any, that was included in item 6 above:

\$_____

8. (a) Are all of the individuals who propose to reside in the unit full-time students*?

_____ Yes _____ No

*A full-time student is an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

(b) If the answer to 8(a) is yes, is at least 2 of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return?

_____ Yes _____ No

9. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the rental housing project in which the unit is located (hereinafter the "Borrower"), has any family relationship to the Borrower; or owns directly or indirectly any interest in the Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership

or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member; and ownership, direct or indirect, by a partner of the individual.

10. This certificate is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable and that the statement of total anticipated income contained in paragraph 6 is reasonable and based upon such investigation as the undersigned deemed necessary.

11. I/we will assist the Borrower in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

12. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this ____ day of _____ in the County of San Diego, California.

Applicant

Applicant

[Signature of all persons (except children under the age of 18 years) listed in number 2 above required]

FOR COMPLETION BY BORROWER ONLY:

1. Calculation of eligible income:
 - a. Enter amount entered for entire household in 6 above: \$
 - b. (1) If the answer to 7(c) above is yes, enter the total amount entered in 7(d)(2), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance (\$_____)
 - (2) Multiply the amount entered in 7(d)(1) times the current passbook savings rate as determined by HUD to determine what the total annual earnings on the amount in 7(d)(1) would be if invested in passbook savings (\$_____), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance (\$_____);
 - (3) Enter at right the greater of the amount calculated under (1) or (2) above: \$
 - c. TOTAL ELIGIBLE INCOME
(Line 1.a plus line 1.b(3)): \$
2. The amount entered in line 1.c:
____ Qualifies the applicant(s) as a Low Income Tenant(s) ___ or a Very Low Income Tenant(s) ___ [check applicable box, if any]

____ Does not qualify the applicant(s) as a Low Income Tenant(s) __, or a Very Low Income Tenant(s) ___ [check applicable box, if any].
3. Number of apartment unit assigned: _____ Rent: \$
Bedroom Size _____
4. This apartment unit [was/was not] last occupied for a period of 31 or more consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Low Income Tenants ___ or Very Low Income Tenants ___ [check applicable box].
5. Method used to verify applicant(s) income:
____ Employer income verification.
____ Copies of tax returns.
____ Other (_____)

Manager

INCOME VERIFICATION
(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed under the Housing Authority of the City of San Diego Multifamily Housing Revenue Bond Program for persons of lower income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual wages	_____
Overtime	_____
Bonuses	_____
Commissions	_____
Other Income	_____
Total current income	_____

I hereby certify that the statements above are true and complete to the best of my knowledge.

Signature Date Title

I hereby grant you permission to disclose my income to _____ in order that they may determine my income eligibility for rental of an apartment located in their project which has been financed under the Housing Authority of the City of San Diego Multifamily Housing Revenue Bond Program.

Signature Date

Please send to:

INCOME VERIFICATION
(for self-employed persons)

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Signature

Date

APPENDIX D
CDLAC RESOLUTION

[attached]

APPENDIX E

CDLAC COMPLIANCE CERTIFICATE

CERTIFICATION of COMPLIANCE II
for QUALIFIED RESIDENTIAL RENTAL PROJECT

Project Name: Cuatro at City Heights (4050 El Cajon Boulevard)

Name of Bond Issuer: Housing Authority of the City of San Diego

1. Project Name Change: No____ Yes____
(If project name has changed since the award of allocation please note the original project name as well as the new project name.)

If yes provide old and new Project Name _____

2. CDLAC Application No.: 23-563

3. Bond Issuer Change: No____ Yes____
(If Bond Issuer has changed since the award as a result of refinance or refunding of an allocation please note the original Issuer as well as the new Issuer.)

If yes provide the Name of existing and New Issuer _____
Contact Information _____

4. Change in Borrower No____ Yes____
(If Borrower has changed since the award affecting the CDLAC resolution please note the original Borrower as well as the new Borrower.)

If yes provide the Name of the existing and New Borrower _____
Contact Information _____

5. Change in Management Company No____ Yes____
If yes provide the Name of the New Management Company _____

6. Has the Qualified Project Period commenced? No____ Yes____
No____ Yes____ Already Submitted Certification
If yes please submit the Certificate of Qualified Project Period (one time only)

7. Has the project been completed and placed in service?
No____ Yes____ Already Submitted Certification
If yes please submit Completion Certification (one time only)

8. Have any of the following events occurred associated with the bond allocation including but not limited to: defaults associated with rents and income requirements, Bond Default or a Qualified Bond Default.
No____ Yes____

If so, please describe and explain?

9. Has a termination of the Regulatory Agreement occurred or is a termination planned in the next year? Has proper noticing occurred?

No _____ Yes _____

If so, please describe and explain?

10.	Federally Bond Restricted Units (Reflected in PSR) _____ at 50% AMI _____ at 60% AMI	Other Restrictions (Reflected in PSR) _____ at 50% AMI _____ at 60% AMI	Total (Reported in CDLAC Resolution) _____ at 50% AMI _____ at 60% AMI
-----	--	--	--

11. Please indicate the distribution of the CDLAC restricted 10% of the 50% AMI units

Bedroom Type	# of Units in PSR	# of Units in CDLAC Resolution
1 Bedroom	_____	_____
2 Bedroom	_____	_____
3 Bedroom	_____	_____

12. If the Project has committed to and is currently providing the service amenities for a term as specified in the CDLAC resolution, please verify the services are being provided: on a regular and ongoing basis, which are provided free of charge and all hour requirements are being met:

- _____ After-school Programs
- _____ Educational, health and wellness, or skill building classes
- _____ Health and Wellness services and programs (not group classes)
- _____ Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)
- _____ Bona-Fide Service Coordinator/ Social Worker

Is the service being offered on an ongoing basis and provided free of charge (childcare excepted)?

No _____ Yes _____

Are all hour requirements being met?

No _____ Yes _____

Attach evidence demonstrating that the above listed services are being provided and have met the requirements in the CDLAC Resolution. Including but not limited to MOUs and or contracts associated with the services rendered, a 12-month schedule (current reporting year) of the services offered, flyers, sign-up sheets, etc.

"Pursuant to Section 13 of Resolution No. 23-203 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on August 23, 2023, I, _____, an Officer of the Borrower, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the

Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Signature of Officer

Printed Name of Officer

Title of Officer

Date

APPENDIX F

CDLAC COMPLETION CERTIFICATE

CERTIFICATE of COMPLETION
for QUALIFIED RESIDENTIAL RENTAL PROJECTS

- 1) Project Name: Cuatro at City Heights (4050 El Cajon Boulevard)
(If project name has changed since the award of allocation please note the original project name as well as the new project name.)
- 2) CDLAC Application No.: 23-563
- 3) Name of Bond Issuer: Housing Authority of the City of San Diego
- 4) Name of Borrower: Cuatro at City Heights LP, a California limited partnership
(If Borrower has changed name since the award please note the original Borrower as well as the new Borrower.)
- 5) The undersigned hereby certifies that all work on the Project was substantially completed as of _____, 20__

The undersigned hereby further certifies that:

- (a) the aggregate amount disbursed on the Loan to date is \$ _____
 - (b) all amounts disbursed from proceeds of the Bonds have been applied to pay or reimburse the undersigned for the payment of Development Costs and Other Development Costs and none of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse any party for the payment of costs or expenses other than Development Costs and Other Development Costs; and
 - (c) at least 95 percent of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse the Borrower for the payment of Qualified Development Costs and Other Development Costs (as that term is used in the Regulatory Agreement) and less than 25 percent of the amounts disbursed from the proceeds of the Bonds, exclusive of amounts applied to pay the costs of issuing the Bonds, have been applied to pay or reimburse the Borrower for the cost of acquiring land.
 - (d) the cost of the bond issuance was equal to or less than 2% of the bond proceeds issued.
- 6) The undersigned hereby certifies the project meets the general federal rule for a Qualified Project Period.
No _____ Yes _____

(a) 10% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____ , 20__ and

(b) 50% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____ , 20__ .

7) If no to 6) the undersigned hereby certifies the project meets the special federal rule for a Qualified Project Period.
No_____ Yes_____

(Project qualifies if it is an acquisition/rehabilitation where no more than 90% of the units were not available for occupancy within 60 days of the earlier of the project acquisition or the Bonds Issuance Date.)

(a) Bonds were issued on _____ , 20__

(b) Property was acquired on _____ 20__

(c) The date 10% of the units were available to occupy (within 60 days of the earlier of the acquisition or bond issuance) _____ , 20__

Signature of Officer

Printed Name of Officer

Title of Officer

Phone Number

AFTER RECORDING MAIL TO:

Banner Bank
110 S. Ferrall Street
Spokane, Washington 99202
Loan Nos. 14018431 and 14018432

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**ASSIGNMENT OF DEED OF TRUST AND
RELATED DOCUMENTS**

For value received, **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 (“**Issuer**”), hereby grants, conveys, assigns and transfers to ///[**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**,]/// a national banking association (“**Bond Trustee**”), for security purposes only, all interest, excluding the “Reserved Rights” as defined in that certain Trust Indenture dated as of even date herewith between Issuer and Bond Trustee, of Issuer under:

A. That certain Construction and Permanent Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the “**Deed of Trust**”) dated as of February 1, 2024, executed by CUATRO AT CITY HEIGHTS LP, a California limited partnership (“**Borrower**”), as trustor, to UPF WASHINGTON, INCORPORATED, as trustee, for the benefit of Issuer, and recorded concurrently herewith in the Official Records of the County of San Diego, State of California, affecting the real property described in Exhibit A attached hereto and incorporated herein by this reference (the “**Property**”);

B. That certain Construction and Term Loan Agreement dated as of even date herewith (“**Loan Agreement**”) by and among Borrower, Issuer and Banner Bank, a Washington corporation, in its capacity as “Majority Owner” and “Servicer” under the Indenture (“**Majority Owner**”);

C. That certain Promissory Note (Tax-Exempt) dated as of even date herewith and secured in part by the Deed of Trust, executed by Borrower in favor of Issuer, in the original principal amount of \$47,111,000 and all renewals, modifications and extensions thereof (the “**Tax-Exempt Note**”);

D. That certain Promissory Note (Taxable) dated as of even date herewith and secured in part by the Deed of Trust, executed by Borrower in favor of Issuer, in the original principal amount of \$_____ and all renewals, modifications and extensions thereof (the “**Taxable Note**”; and together with the Tax-Exempt Note, the “**Note**”);

E. That certain Commercial Guaranty dated as of even date herewith, executed by Wakeland Housing and Development Corporation, a California nonprofit public benefit corporation (“**Guarantor**”) in favor of Issuer;

F. All other “Loan Documents” relating to the “Loan” (as each such term is defined in the Loan Agreement); and

G. The policy of title insurance issued by Commonwealther Land Title Company and insuring the lien of the Deed of Trust.

The foregoing assignment is made to secure all obligations of Issuer under the Tax-Exempt Bonds in the face amount of \$47,111,000 issued by Issuer and payable to the order of Owners and all renewals, modifications and extensions thereof, the Taxable Bonds in the face amount of \$ _____ issued by Issuer and payable to the order of Owners and all renewals, modifications and extensions thereof, together with all other obligations of Issuer to Owners under the Indenture.

All capitalized terms used and without definition herein shall have the meanings set forth in the Indenture.

[Signature page follows]

Dated as of February 1, 2024.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By: _____
Name: _____
Title: _____

EXHIBIT A
REAL PROPERTY

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

January 22, 2024

To: Housing Authority of the City of San Diego

From: Josh Anzel, Esq.
Sarina Kernberg, Esq.
Jones Hall, A Professional Law Corporation

Re: Cuatro at City Heights

Summary of Blanks in Documents to be Considered on February 13, 2024

If approved by the Housing Authority of the City of San Diego (the “**Authority**”), the proposed Multifamily Housing Revenue Bonds, in one tax-exempt series and one taxable series (together, the “**Bonds**”) for Cuatro at City Heights are expected to be issued in February 2024. The proposed forms of legal agreements relating to the Bonds consist of a Trust Indenture, Construction and Term Loan Agreement, Regulatory Agreement and Declaration of Restrictive Covenants, and Assignment of Deed of Trust and Related Documents (collectively, the “**Financing Agreements**”) and contain certain blanks and bracketed items that relate generally to transaction pricing and closing timing.

Banner Bank, a Washington corporation, as bond purchaser (the “**Bank**”), will set the interest rate closer to the closing date. The final amounts are dependent upon the interest rate and final credit approval of the Bank. The amounts of all financing sources will be finalized prior to closing.

The following table provides a summary of the blanks in the Financing Agreements and indicates the parties responsible for providing the requisite information. Capitalized terms used below have the definitions ascribed to them in the related agreement.



DOCUMENT	LOCATION	ITEM	RESPONSIBLE PARTY
Trust Indenture	Throughout	<ul style="list-style-type: none"> • Dates: <ul style="list-style-type: none"> ○ Closing date ○ Maturity dates ○ Dated date of documents • Principal amount of Taxable Bonds/Taxable Note • Sum total of Tax-Exempt and Taxable Bonds 	Bond Counsel & Bank
	Section 1.01 - Definitions - "Trustee Fee"	Trustee fee	Trustee
	Section 3.01(b) - Authorization of Bonds	Initial advance amount of Bonds	Borrower & Bank
	Section 4.01(d) - Mandatory Redemption	Outstanding Bonds after mandatory redemption on Conversion Date	Borrower & Bank
	Section 5.01(c) - Establishment of Funds and Accounts	Initial deposit amount from Bond proceeds	Borrower & Bank
	Exhibit D - Architect's Certificate	Identity of architect	Borrower

Regulatory Agreement	Throughout	<ul style="list-style-type: none"> • Principal amount of Taxable Bonds 	Bond Counsel & Bank
	Section 1 - Definitions and Interpretation	<ul style="list-style-type: none"> • "Authority Fee' means (i) the administrative fee of the Authority payable on the Closing Date in the amount of \$_____ [0.25% OF INITIAL PRINCIPAL] and the ongoing administrative fee payable every 12 months, commencing December 1, 2023, in the amount of \$_____ [0.125% OF INITIAL PRINCIPAL] until the Conversion Date and, on the first December 1 following the Conversion Date and thereafter..." 	Bond Counsel & Bank

Construction and Term Loan Agreement	Throughout	<ul style="list-style-type: none"> • Dates • Dollar amounts • Percentages 	Borrower & Bank
	Section 2 - Definitions	Identity of architect	Borrower



	Section 11(z) - Conditions Precedent	Number of units covered by HAP Section 8 contract	Borrower & Bank
Assignment of Deed of Trust and Related Documents	Throughout	<ul style="list-style-type: none">Dollar amount for taxable bond/taxable note	Bank



The City of San Diego
Item Approvals

Item Subject: Tax, Equity and Fiscal Responsibility Act (TEFRA) Resolution for Cuatro at City Heights.

Contributing Department	Approval Date
DOCKET OFFICE	01/16/2024
ENVIRONMENTAL ANALYSIS	01/17/2024
FINANCE	01/17/2024

Approving Authority	Approver	Approval Date
HOUSING COMMISSION FINAL DEPARTMENT APPROVER	MARSHALL, SCOTT	01/16/2024
EXECUTIVE VICE PRESIDENT	DAVIS, JEFF	01/23/2024
CITY ATTORNEY	MIDDAUGH, MARGUERITE	01/29/2024